Daily Report

Latin America

FBIS-LAT-92-124
Friday
26 June 1992

Daily Report
Latin America

FBIS-LAT-92-124 *26 June 1992*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

FRONT PAGE

CARIBBEAN

Cuba

ANPP Official on Proposed Constitution Changes *[Havana Radio]* 2
Commentary on DEA Activities in Mexico, Bolivia *[Havana Radio]* 2
Canadian Arrested as Counterrevolutionary Agent *[Havana Radio]* 2
Scientific Cooperation With China Viewed *[Havana Radio]* 3
Weather Causes Emergency Harvesting of Crops *[Havana Radio]* 3

Haiti

National Front Bloc Proposes 12-Point Accord *[Port-au-Prince Radio]* 4
De Ronceray Warns of Possible MDN Pullout *[Port-au-Prince Radio]* 4
COM Seeks Masses' Representation in Cabinet *[Port-au-Prince Radio]* 5
Information Minister Promises Freedom of Speech *[Port-au-Prince Radio]* 5

MEXICO

Deputy Secretary Comments on U.S. Negotiations *[Mexico City TV]* 6
* Salinas Told of Splits in Guanajuato PRI *[LA JORNADA 30 May]* 6
* Citizens Movement for Democracy Issues Appeal *[LA JORNADA 18 May]* 7

CENTRAL AMERICA

El Salvador

UN Observers Form 'Truth Commission' *[San Salvador Radio]* 9

Honduras

Government Restructures Debt With Japan *[LA PRENSA 25 Jun]* 9

Nicaragua

Minister on Controlling Weapons Trafficking *[Managua TV]* 9
Liberal Party President on FSLN Arms Buildup *[Managua Radio]* 10
Lacayo Signs Protocol for Reorganizing Police *[Managua TV]* 10
Eden Pastora Returns To Rejoin National Life *[Managua Radio]* 10
* Corruption Linked to Weak Comptrollership *[EL NICARAGUENSE 15-21 May]* 11
* Article Praises Free Trade Agreements *[LA PRENSA 27 May]* 12

Panama

New Guerrilla Group Issues Statement *[EL PANAMA AMERICA 25 Jun]* 13
Minister Protests U.S. Southcom Violations *[EL PANAMA AMERICA 25 Jun]* 13
Comptroller General Criticizes Amendments *[LA PRENSA 25 Jun]* 13
German Technical Cooperation Agreement Signed *[Panama City TV]* 14

SOUTH AMERICA

Bolivia

President Says Country To Join Mercosur Soon *[La Paz Radio]* 15
U.S. Servicemen Asked To Remove Insignia *[La Paz Radio]* 15
Labor Leader Protests U.S. Military Presence *[La Paz Radio]* 15
General Vargas on Changes in Armed Forces *[La Paz TV]* 15
Officials Label Arms Race Charges 'Absurd' *[PRESENCIA 17 Jun]* 16

Brazil

Franco Considering Possible Collor Replacement *[FOLHA DE SAO PAULO 23 Jun]* 16
CPI Requests Probe of Farias Drug Connections *[O GLOBO 24 Jun]* 17
Ministers Said Willing To Leave Government *[FOLHA DE SAO PAULO 23 Jun]* 17
Fiscal Reform Plan Author Interviewed *[ISTOE SENHOR 24 Jun]* 17
President Signs Land, Expropriation Decrees *[Brasilia Radio]* 20

Chile

Regional Presidents To Reject U.S. Ruling *[Santiago TV]* 20
General Denies Shining Path Presence in Talca *[Santiago Radio]* 20
Political Parties, Commercial Offices Bombed *[Santiago Radio]* 20
Leftist Groups Claim Responsibility *[Santiago TV]* 21

Colombia

Congress Refuses To Ratify Convention on Drugs *[Madrid EFE]* 21
House Passes Bill Pardoning M-19 Leaders *[Santa Fe de Bogota TV]* 21
CNGSB Announces Release of Hostages 25 Jun *[Madrid EFE]* 22
FARC Leader Says Rebels Seek Reconciliation *[Mexico City NOTIMEX]* 22
President Gaviria Comments on Tax Reform Bill *[Santa Fe de Bogota TV]* 23
Energy Minister Discusses Energy Rationing *[Santa Fe de Bogota TV]* 23
Banking Official Notes Drop in Interest Rates *[Santa Fe de Bogota TV]* 24

Ecuador

President Postpones Joining Andean Trade Zone *[Quito Radio]* 25
Peru's De La Puente Meets With Counterpart *[Quito Radio]* 25

Peru

Cabinet Chief Opens 'National Dialogue' *[Lima Radio]* 25
Fujimori Promises To Aid Huanuco Development *[Lima Radio]* 26
Arequipa Mayor Faces National Security Charges *[Lima TV]* 27
Government Annuls All Indexed Labor Contracts *[CARETAS 15 Jun]* 28
MRTA Financing of Political Paper Unveiled *[EL COMERCIO 14 Jun]* 28

Venezuela

Students, Police Clash 25 Jun in Caracas *[Mexico City NOTIMEX]* 28
Further on Violence *[Madrid EFE]* 28

Nicaragua

Managua TV reports that Nicaragua has accepted "the implementation of an assistance and cooperation mechanism to check trafficking of illegal weapons." Foreign Minister Ernesto Leal has said surveillance on the borders will be reinforced and "controls" will increase. Any weapons brought in from another country will by reported to the other Central American nations "in less than 24 hours. All nations in the region will be compelled to issue reports on weapons trafficking, and the origin of the weapons will be investigated." Leal also stated, "The cooperation among the Central American nations will not only detect this illegal trafficking, it will also provide a check on the practice, in accordance with the law in the respective nations."

Managua radio reports on comments by Independent Liberal Party President Dr. Wilfredo Navarro concerning the discovery of weapons caches. He has said these discoveries do "nothing more than confirm the reports" that an arms buildup is occurring and shows the disarmament brigades' "complete inability to actually disarm Nicaraguans." Navarro said, "The Sandinists are the ones who supposedly discover weapons and the same ones who supposedly store them. In other words, it is very difficult to control weapons in Nicaragua because it is like asking thieves to store money."

Peru

In a speech broadcast live by Lima Radio, Council of Ministers President Oscar de la Puente opened a "national dialogue for peace and development." De la Puente told participants that the dialogue was a way to ensure that Peru's "future formal structure" was based on "real democracy." He said the dialogue, "which excludes no one," was undertaken in accordance with President Alberto Fujimori's "commitment" to the country, which was "reaffirmed" at the meeting of OAS foreign ministers in the Bahamas.

Brazil

According to FOLHA DE SAO PAULO, Vice President Itamar Franco has been meeting with military leaders to make sure they will support him "in case" President Fernando Collor "steps down." Franco "does not believe" Collor will be impeached or will resign; rather he has "concentrated" on the possibility that the president will request a "leave of office." The Navy minister has told Franco that the Armed Forces "support the president and the legal system."

Panama

EL PANAMA AMERICA reports a new guerilla group, the Front for the Liberation of Panama (FLP), has been created and has issued a statement. Evidelio Quiel, the FLP commander, said, ""We state that we will use every resource to liberate the country from the traitors and enemies who are ruling now because there is no greater honor than to die for God, our sons and daugthers, and the Fatherland."" The FLP charged there was "an alleged paramilitary group promoted by the government that would be tasked with capturing and killing officials from the previous regime and other opposition figures."

Ecuador

Quito radio reports President Borja has "postponed Ecuador's incorporation into the Andean Free Trade Zone" slated for 1 July because "1 July was much too soon."

Cuba

ANPP Official on Proposed Constitution Changes

FL2506145792 Havana Radio Rebelde Network in Spanish 1155 GMT 25 Jun 92

[Text] Zoila Benitez, the vice president of the National Assembly of the People's Government [ANPP], termed the proposed modifications to the Cuban Constitution indispensable under the current conditions in Cuba. At a meeting with the executive committee of the ANPP in Camaguey, Benitez stressed Cuba's rich constitutionalist tradition and how the changes that will be submitted for approval in July are in keeping with that spirit. Benitez pointed out that, in addition to their importance in connection with the nation's economic strategy, these modifications will also permit us to perfect the way the local bodies of the people's government function and to approve a new electoral law. The ANPP vice president highlighted the role of the municipality as the fundamental link in the system of government, now complemented by the creation of the people's councils, which favor the expansion of socialist democracy.

Commentary on DEA Activities in Mexico, Bolivia

PA2506170792 Havana Radio Havana Cuba in Spanish 0100 GMT 25 Jun 92

["Our America" commentary; read by Ignacio Canel]

[Text] Far from diminishing, concern among several Latin American governments is growing about the U.S. Supreme Court decision that legalized the kidnapping of presumed criminals in foreign territory.

The Mexican Government, the first to be affected even before the ruling was issued, continues last week's negotiations to revise the U.S.-Mexican extradition treaty, in effect since the late 70's.

At no time was the extradition treaty respected in the case of Humberto Alvarez Machain, who was kidnapped in Mexican territory in 1990, transferred to the United States, and tried for his alleged participation in the murder of a DEA agent. In August 1990, a U.S. judge ordered the repatriation of Alvarez Machain, who nevertheless is still in the United States.

At Mexico's initiative, Mexican and U.S. authorities are revising the extradition treaty. The Mexican Government is not satisfied with the U.S. statement that the Supreme Court ruling will not be applied in Mexico. The Mexican Government feels that if kidnappings occurred before the ruling was issued, they will most likely occur after.

The Bolivian Government is also studying the scope of the U.S. law with skepticism, and has not ruled out the possibility of suspending DEA activities. Suddenly everybody views DEA agents with suspicion.

Since the unclear case of Huanchaca—where an enormous drug trafficking base, known to the DEA, supposedly operated—to their participation in various crimes, Bolivians have become highly suspicious of DEA agents, and right now no one doubts that if deemed necessary they will carry out kidnappings, backed by the law recently approved in Washington.

Several legislators of the ruling Movement of the Revolutionary Left have demanded an in-depth analysis of the DEA presence in Bolivia, as well as the activities of DEA agents there, even though Social Defense Secretary Gonzalo Torrico said that DEA agents do not directly participate in counternarcotics operations.

Countries hosting DEA agents, such as Bolivia and Mexico, are forced to revise cooperation agreements to guarantee strict respect for the sovereignty of their national territories, threatened by the promulgation of one of the most arbitrary laws of recent times.

Canadian Arrested as Counterrevolutionary Agent

PA2606030492 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Jun 92

[Text] Authorities in the Cuban capital have arrested Jean Guy Trepanier, charging him with serving as a liaison agent between the Cuban counterrevolutionaries abroad and the small antigovernment groups in Havana. Jorge Luis Bernat reports further on this:

[Bernat] Canadian citizen Jean Guy Trepanier arrived at Varadero International Airport in Cuba on 20 June as a tourist. The alleged tourist really traveled as a liaison agent for ultrarightist sectors of the Cuban counterrevolutionary emigrants. One of the tasks of his mission was to supply material to counterrevolutionary groups inside the country. The director of the international press center gave details on this to foreign correspondents accredited to Havana.

[Begin unidentified speaker recording] The authorities seized recording and reproduction equipment and accessories intended for small counterrevolutionary groups linked with the annexation line of the National Cuban-American Foundation. Included were a video cassettte with a briefing by counterrevolutionary leader Jorge Mas Canosa and instructions on how to stage public demonstrations, one of which would be photographed by Trepanier. The Canadian also had the mission of promoting this propaganda show abroad. Cuban authorities arrested Canadian Trepanier on Wednesday, 24 June, as he met with liaison agents of the counterrevolution. The reports of these provocations on the U.S. Government sponsored radio broadcasts immediately caused anti-Cuban radio stations to unleash their expected hullabaloo, as has happened in other cases. The respective Cuban authorities have informed the Canadian Government mission in Cuba of the investigations that are being made. [end recording]

Scientific Cooperation With China Viewed

PA2506152592 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Jun 92

[Roberto Morejon commentary]

[Text] The combination of Cuban technological development and the PRC's excellent industrial base can facilitate joint production in important sectors, especially in medicine.

In recent years, steps have been taken to improve the ties of friendship between both nations at the behest of government authorities.

One of the earliest offshoots of the promising Sino-Cuban scientific cooperation rests on the creation of the mixed capital exterprise (Imelque) to produce and market high technology medical equipment.

This company will immediately begin manufacturing Medicit equipment, a computerized system designed in Cuba and capable of analyzing brain activity. The new corporation, with 60 percent Cuban capital and 40 percent Chinese capital, will produce Medicit equipment at a cost of approximately $50,000, half the price of similar equipment on the international market.

Specialists and officials from both countries will study other exchange and complementary production possibilities when they meet in Havana in September 1992. At this meeting, they will review bilateral ties in the area of medicine and state-of-the-art technologies.

The Neuroscience Center of Cuba and the Sino-Cuban Friendship Association are promoting the aforementioned meeting, whose agenda will include an overview of exchange in areas such as Chinese traditional medicine, stomatology, biotechnology, and state-of-the-art technologies in biomedicine.

If Cuba and the PRC increased their cooperation in the branches of science and industry, broad horizons would open up for Cuban medical equipments, some of which are already being marketed in Brazil, Mexico, and Venezuela, as well as in European countries.

The growing prestige of Cuban medicine and the well-earned reputation of the Chinese industrial efficiency point to the achievement of high quality production, with a guarantee to compete in markets where multinational capitalism prevails.

Weather Causes Emergency Harvesting of Crops

FL2506210092

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1700 GMT on 25 June reports extensively throughout its 30-minute newscast on current weather conditions in Cuba, where there is heavy rainfall with high winds. The radio reports that Cuba's Civil Defense Organization has declared a state of emergency in Pinar del Rio Province and that other provinces—Havana, Havana City, and Matanzas, as well as the Isle of Youth—have been placed on a state of alert.

The radio reports that "the accumulation of rainfall has already begun causing flooding in the provinces affected."

Reporter Carlos Santana Ojeda reports on the situation directly from Civil Defense headquarters, interviewing Civil Defense official Lieutenant General (Heriberto Diaz Perez). (Diaz Perez) says that in Pinar del Rio Province 2,814 people have been evacuated and 16,255 animals—mostly cattle—have been moved to high ground; and that in Havana Province 1,290 people have been evacuated, one person is known to be missing after trying to cross a river, and 19,000 animals have been moved. (Diaz Perez) adds that 32 housing units have been affected, two of which have been destroyed.

(Diaz) continues: "Havana City reports 115 evacuees and the collapse of three buildings, one only partially, with two people injured in that collapse. There are reports of 15 housing units affected in the capital. In the special municipality of the Isle of Youth, there are reports of eight housing units affected, 6,600 animals moved to higher ground, and one foreign student missing."

Reporter Ojeda also reports that the Ministry of Agriculture has informed him that the damage to each territory is being evaluated and measures to prevent the rains from holding back "the ambitious food program that is being implemented throughout the country" have begun being taken.

Radio Rebelde reports that Victorino Lemus, first secretary of the Communist Party of Cuba for Havana Province, is touring agricultural areas of that province, examining the damage. Correspondent Felix Fernando Garrido reports from Guira de Melena Municipality, Havana Province, that people are working intensely under the rain in an attempt to save the all the crops they can by harvesting them in order to quickly put them on the market or store them properly.

Reporting on the effect on agriculture in Pinar del Rio Province, the province's agricultural representative, (Arturo Perez), says in a recording that "it is very difficult to evaluate the extent of the losses at this very moment, but it looks as if we are going to feel it, especially in the yucca and boniato crops." (Perez) adds that the provincial civil defense leadership has been out at each of the enterprises in each of the municipalities since 1500 GMT on 24 June helping enterprise officials take measures to counter the effects of the rains, and that work to drain the fields is underway, using oxen, tractors, and manual labor in an attempt to save the crops. Perez, too, reports harvesting of crops under the rain, "because it is obvious that the crops will be lost".

Reporting on the situation from the Isle of Youth, reporter Lina Martinez says that approximately 15 caballerias of tubers and vegetables have been affected

by the rains and that workers are doing emergency harvesting of the endangered boniato, yucca, and pumpkin crops. She adds that no one has been evacuated but that eight houses have partially collapsed and that passenger transportation by sea and air have has been suspended.

Radio Rebelde also reports that a number of different organizations are mobilizing in preparation for emergency agricultural labor.

Haiti

National Front Bloc Proposes 12-Point Accord

FL2506165192 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 25 Jun 92

[Report on news conference held by the National Front for Change and Democracy Parliamentary Bloc, BP-FNCD, at the Legislative Palace in Port-au-Prince on 24 June—recorded]

[Text] The National Front for Change and Democracy Parliamentary Bloc [BP-FNCD] parliamentarians have announced that they have decided to return to the parliament. In a news conference held on 24 June, BP-FNCD members said they are against the Villa d'Accueil Agreement, which they think is unconstitutional, and presented what they call a 12-point political concordat seeking the return of Father Aristide as president of Haiti. This political concordat also asks that personal freedom be guaranteed in the country, that repression be ended, and that there be a general amnesty so peace can return quickly. One of the speakers developed the points at the BP-FNCD news conference.

[Begin Sen. Firmin Jean-Louis recording, in French] Today we have come back to the parliament as a parliamentary bloc of a political group opposed to the Villa d'Accueil Agreement, which has been deemed unconstitutional. We will maintain our stand until a true consensus government is established in accordance with Articles 137 and 156 of the Constitution. We take this opportunity to tell our people that we are here at this juncture to denounce, if not to prevent, the violations of the Constitution and human rights and to struggle, with the force of the law, to render the country governable, provided there is a real return to constitutional order.

To reach this consensus, we propose that all sectors in the nation involved in the crisis sign a political concordat. The FNCD proposes the following elements for this concordat:

1. The reinstatement of Jean-Bertrand Aristide in his post of president-elect by an act of parliament in the form of a law of general interest;

2. The designation by the president-elect of a prime minister chosen to form a national union government whose priority is applying a policy to reassure the return of the president as soon as possible. The time limit for Aristide's return should be part of a working agenda agreed on by all parties;

3. The reinstatement of the elected representatives who have been the victims of threats and persecution since 30 September 1991;

4. The respect for political freedom, freedom of the press, the right to assemble, the right to travel freely, the formal guarantee (?by the Army) to refrain from staging coups against the presidency or against the parliament;

5. Cessation of political repression throughout the country;

6. Respect for the immunity of parliamentarians and their civil freedom to move freely throughout the country, especially in their districts;

7. Respect for the inviolability of schools, faculties, and universities;

8. The guarantee of a general amnesty to facilitate social and political appeasement;

9. The guarantee of respect for the provisions of the Constitution concerning the Army and the police;

10. Political steps to end the diplomatic isolation of the country and the trade embargo;

11. The application of an urgent action plan to boost the severely hit national economy, which first means initiatives to lower prices and reactivate employment;

12. An action plan to establish the institutions provided for in the Constitution, with international technical support if necessary. [end recording]

Sen. Eudrice Raymond said that although the FNCD is in the opposition, it is ready to support any laws adopted by the consensus government in order to improve the people's standard of living. Sen. Raymond also participated in the news conference in which the BP-FNCD said they have decided to return to their seats in the parliament.

In the same conference, the FNCD parliamentarians announced that they would present a bill before each of the chambers to ask for Father Aristides' return to power in Haiti.

De Ronceray Warns of Possible MDN Pullout

FL2506192492 Port-au-Prince Radio Metropole in French 1600 GMT 25 June 92

[Excerpt] Professor Hubert de Ronceray has reservations about the new government's policy. The leader of the Mobilization for National Development, MDN, warned Marc Bazin's government on 24 June that in the event of any moves toward easing the return to power of ousted

President Jean-Bertrand Aristide, the MDN would pull its representatives from the consensus government. [passage omitted].

COM Seeks Masses' Representation in Cabinet

FL2506192192 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 25 Jun 92

[Excerpts] Another news conference was held on 22 June by the Convergence of Mass Organizations [Convergence des Organisations de Masses, COM], at which this organization set forth its stand on the manner in which Marc Bazin formed his ministerial cabinet. According to Abner Francois, COM has noted that there are parties that hold two ministries in the government while the masses have no representatives in the ministerial cabinet. Francois said COM is willing to support the new government, but pointed out that a consensus based on a person rather than a program cannot be reached. [passage omitted]

According to those who spoke on behalf of 27 people's organizations, it is the mass organizations that guarantee the stability of all governments. The COM, believing the new government may lack stability, will therefore continue striving for the representation of the masses in the ministerial cabinet.

Information Minister Promises Freedom of Speech

FL2506205992 Port-au-Prince Radio Metropole in French 1600 GMT 25 June 92

[Text] The new minister of information of the consensus government appeared reassuring to Haitian journalists.

During his installation address, Professor Andre Calixte of the Haitian Christian Democratic Party, PDCH, guaranteed that the press could freely function, without anxiety.

The minister said: We are determined to encourage freedom of speech and will not tolerate hindrance of such a freedom. He added that democracy and progress cannot exist without essential freedom of the press, without consensus, and without political pluralism. No social dictatorship of the press, no press dictatorship of society, advocated the minister of information, who invited journalists to fight for a state of law through exercising their profession in conformity with the law. Andre Calixte also promised to offer the press and mass media some democratic openings in order to faciliate the professionalization of journalism and the free circulation of objective and balanced information in Haiti.

Deputy Secretary Comments on U.S. Negotiations

PA2606011392 Mexico City Canal 13 Television Network in Spanish 1300 GMT 25 Jun 92

[Report by Melina Villasana]

[Text] The U.S. diplomatic delegation has asked for a recess in the drug trafficking and extradition treaty negotiations being held with Mexican authorities. However, the United States gave verbal assurances—it should be pointed out these are verbal assurances—that it will fully respect Mexican sovereignty. These assurances must now be put in writing, Deputy Foreign Secretary Andres Rozenthal has stated.

This situation continues to be complicated. It is evidently possible that the Mexican delegation addressed the aforementioned sensitive topics on 24 June, and that the U.S. delegation chose to hold consultations so as to avoid accepting terms that may also have implications in the United States. Anyway, there is now an impasse in the negotiations, and we hope they fulfill their promises that they will not continue kidnapping persons, although nothing has been put in writing yet.

The negotiations between Mexico and the United States to revise the drug trafficking and extradition treaty began an indefinite recess on 24 June, when the U.S. delegation asked to hold consultations with Washington.

Deputy Foreign Secretary Andres Rozenthal reported that the negotiations will continue, and that they were only interrupted for a short time. After two days of meetings behind closed doors aimed at resolving one of the most difficult moments in recent years between the two countries, there was talk of preliminary progress. The United States has understood what the Mexican position is. Andres Rozenthal emphasized: Mexico demands full respect for the sovereignty of our territory.

[Begin Rozenthal recording] Given the U.S. Supreme Court ruling, we and the U.S. Government need to be sure that the existing instruments for our relations with the United States in this area reflect these guarantees, which were given to us verbally through a series of speeches and comments. These guarantees must also be reflected, however, in the documents that regulate our relations. [end recording]

Jorge Carrillo Olea, coordinator of crimes against public health at the Attorney General's Office, stated that the U.S. side has accepted the general thesis of the Mexican Government.

[Begin Carrillo recording] Number one, the rules are established autonomously by Mexican authority. Number two, which is basic in practical terms, is the measure that these rules are specific, clear, and detailed; thus, relations become more clear. [end recording]

Carrillo reiterated that Mexico is not negotiating anything, and added that there is a need for a discussion.

Meanwhile, U.S. Ambassador to Mexico John Dimitri Negroponte has admitted that international cooperation is essential and that the United States cannot act in an unilateral manner if it wants to achieve results in the struggle against drug trafficking.

[Begin Negroponte recording] We are trying to handle this topic so as not to adversely affect the overall relations between the two countries. That is our attitude, and I believe it is shared by the Mexican Government. [end recording]

Negroponte refused to comment when questioned about the return of Humberto Alvarez Machain, but the White House reported on 24 June that both delegations are working on a bilateral mechanism to prevent judicial controversies such as the Alvarez Machain case from happening again.

* Salinas Told of Splits in Guanajuato PRI

92CA0171B Mexico City LA JORNADA in Spanish 30 May 92 pp 1, 8

[Report by correspondents Nestor Martinez and Salvador Contreras]

[Text] Celaya, Guanajuato, 29 May—President Carlos Salinas de Gortari this evening expressed his willingness to engage in "a permanent dialogue" with the Guanajuato PRI [Institutional Revolutionary Party] after top leaders of the party (which is in the opposition here) told him of their concern over the rifts in it.

At a private meeting that lasted a little more than 15 minutes, Jose de Jesus Padilla, the state leader of the Institutional Revolutionary Party; Carlos Chaurand, chairman of the State's Grand Commission; Federal Deputy Guadalupe Enriquez Magana; and Alberto Gandara, coordinator of the CEN [National Executive Committee] of PRI, warned the chief executive that a lack of party unity will bring defeat to its candidate in the special gubernatorial election that is to be held here.

According to a terse press release, Salinas called for "joint and energetic work" from PRI members in Guanajuato and told them of his "permanent support."

He said that harmony and hard work are the keys "to a comeback by the Guanajuato PRI."

The press release adds that the chief executive sent a message that was "full of optimism" to PRI members in Guanajuato through their spokesmen, "to whom he reiterated that his willingness to engage in dialogue will be permanent."

The communique from the state PRI specifies that the party leaders told President Salinas "of their own efforts, emphasizing that unity and joint efforts in the state have set the tone for the party's new work."

Jose de Jesus Padilla also indicated that "joint reconciliation among the various leading figures in the state PRI will have a positive impact on the mood of the entire Guanajuato PRI."

* Citizens Movement for Democracy Issues Appeal

92CA0171A Mexico City LA JORNADA in Spanish 18 May 92 p 11

["Excerpt from 'Founding Appeal of the Citizens Movement for Democracy'"]

[Text] The Citizens Movement for Democracy [MCD] is an open, autonomous, and pluralist organization of citizens from every school of thought who, as individuals or owing to their ties with civic or social organizations, have pledged to struggle together for democracy in Mexico.

The MCD is a direct upshot of the successful civic mobilization in San Luis Potosi, which managed to demonstrate, after the August 1991 electoral fraud, that a mobilization of citizens can be effective in halting imposition. Above all, it is the result of the experience that civil society and its grassroots organizations have gained in the ongoing, tireless struggle to assert the social and political rights of Mexicans.

A growing percentage of citizens understand democracy to be an aspiration that dignifies and ennobles and an essential tool for undertaking national renewal and the social and economic reconstruction of the country. By reclaiming their vote, citizens begin to regain civic confidence and community self-esteem.

From this recovery of dignity there emerges a concept of democracy that we share through a common experience and a common tradition that are increasingly Mexican.

Democracy is a political system resting on citizen sovereignty that makes society responsible for its own well-being through liberties that insure that power can be transferred by means of free, just, equitable, and genuine elections within a framework of total respect for universally acknowledged human rights.

Democracy is not a total solution to all national problems. It is the foundation on which all solutions must be built. Democracy is useful, indispensable and cannot be postponed.

This definition and this idea of democracy are spurring a civic renaissance that is emerging spontaneously in cities, towns, rancherias, and ejidos and with which the Citizens Movement for Democracy joins.

A new political life for Mexico is within reach; all that is needed is involvement, consensus-building, and tenacity among citizens.

Based on the urgency of establishing a democratic order in Mexico, the MCD proposes the following immediate objectives to civil society:

- First, commit ourselves with total vigor to a defense of human rights.
- Second, promote electoral participation and a stubborn defense of the vote.
- Third, through consensus-building, dialogue, and civic struggle, bring about a transition government in Mexico that will devote itself immediately and primarily to rebuilding the country's political structure.

This political rebuilding entails, among other tasks:

- Redrafting all election laws, both the federal law and state laws, in order to take away the State's monopoly in administering elections, including the list of voters. The elections must be placed in the hands of truly independent and impartial bodies. This new electoral legislation must preclude the misappropriation of government monies for electoral purposes. It must uproot the official party of the State and establish bodies and mechanisms that will strictly and punctually monitor the revenues of the parties and their use thereof.
- Dismantling the president of the Republic's apparatus of all-embracing, dictatorial power by subjecting it effectively to the oversight and checks and balances of the legislative and judicial branches.
- Salvaging and rebuilding the judiciary and restoring the honor and absolute independence of the nation's Supreme Court of Justice.
- Freeing the legislature from the control of the executive branch.
- The consensus drafting of a new federal pact that puts an end to centralism. The sovereign powers of the states must be restored in the political and fiscal arenas and in the utilization of natural resources.
- Rehabilitating the municipalities, first of all through the complete democratization of the procedures for electing their authorities. Municipalities must be the stem cell of Mexican democracy and the prime movers of economic and social development.
- Dismantling the mass-media monopolies, especially radio and television, and fully restoring freedom of the press.
- All necessary measures to make democracy a social practice and a standard for the workings of intermediate organizations.

To perform these tasks and achieve these objectives, the MCD has decided to adopt immediately, but not exclusively, the following tools and strategies for action:

- To direct all of its actions along peaceful paths. Tolerance, communication, and dialogue must be promoted during the transition to democracy; violence must be rejected and eradicated. The citizens movement pledges to use civic actions of every sort as forms of struggle and mobilization. Through an increasingly effective defense of human rights we must also succeed in building a shield of civil protection for our citizens, especially those who live in the country's poorest and most isolated communities.

- To promote and foster consensus-building. An accord for a peaceful transition to democracy is indispensable. This means inviting the political parties to engage in dialogue, to put aside their differences, and to join efforts to establish a clean and effective electoral system in Mexico in which all can compete on an equal footing. The MCD hopes that the authorities of the current administration will grasp the need for this transition, and we are willing and able to converse with the government to explore whatever prescriptions will make it possible.
- To undertake civic actions to prevent the current president from imposing his successor in the 1994 presidential election in defiance of effective suffrage.
- To promote the monitoring of federal, state, and municipal elections and to cooperate with other civic groups and with networks of citizens in organizing such monitoring, which should include foreign observers.
- To design and promote mechanisms and networks so that citizens from all of the country's mobilized communities can establish direct, ongoing, and dynamic ties among themselves.
- To establish and promote civic training groups in which citizens can receive basic instruction on their constitutional rights and those of their community and how to defend these rights.
- To publicize the gains of the democratic struggle and the civic accomplishments of citizens all over the country.
- To create a worldwide awareness of the violations of the human rights and political liberties of Mexicans.

Dr. Salvador Nava Martinez and 500 more signatures.

San Luis Potosi, San Luis Potosi, 18 May 1992

If you or your organization would like to join this appeal and take part in the activities of the Citizens Movement for Democracy, write to: Dr. Salvador Nava Martinez, National Coordinator of the MCD, Arista 1080, CP 78250, San Luis Potosi, SLP.

El Salvador

UN Observers Form 'Truth Commission'

PA2506173792 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 25 Jun 92

[Text] Spokesmen for the UN Observers for El Salvador, ONUSAL, have confirmed that Patricia Valdes, an Argentine, has been appointed executive secretary of the Truth Commission, which will be backed up by a legal advisory group. The commission is made up of former Colombian President Belisario Betancur, former Venezuelan Foreign Minister Reinaldo Figueredo, and Thomas Buergenthal, president of the Latin American Human Rights Institute. Over a six-month period, the Truth Commission will prepare a report on special violation cases that will be sent to the United Nations.

Meanwhile, ONUSAL's Human Rights Division is preparing a report on the its first year of operations, which is due in July.

Honduras

Government Restructures Debt With Japan

PA2506205492 San Pedro Sula LA PRENSA in Spanish 25 Jun 92 p 3

[Text] Approximately $77 million in debt owed by Honduras to Japanese financial credit institutions were restructured on 24 June with the exchange of documents signed by Honduran Foreign Minister Mario Carias Zapata, and Katsuo Tomita, Japanese Embassy acting charge de affairs. The restructuring was guaranteed by the Japanese Government.

The signing ceremony took place at the Foreign Relations Ministry, attended by representatives from the Finance and Public Credit Ministry as well as a Japanese diplomatic delegation.

The document exchange includes postponed debt payments with the Ultramar Economic Cooperation Fund, the Export and Import Bank of Japan, and other insured commercial credits. The total restructured amount is close to $77 million, or approximately 416 million Lempiras.

The refinancing of overdue debt is based on the Paris Club Agreement signed on 14 September 1990. This is the first time this type of document has been signed by Honduras and Japan.

According to Carias Zapata, debt restructuring provides considerable support to the structural economic adjustment program the government is currently implementing. The funds can now be invested in social projects, resolving pressing needs, and in reorganizing the Honduran economy.

Minister Carias Zapata indicated that the industrialized countries have initiated a consultative and negotiating process with the Honduran Government on debt restructuring. The document exchange is, thus, part of said process.

Environment

The Honduran foreign minister added that debt restructuring has been offered within the framework of the World Environment Conference, and that there are creditor countries who have offered to renegotiate and forgive part of their debt, as well as provide official assistance to countries willing to implement environmental programs.

He pointed out that "one of the countries that made the announcement in Rio de Janeiro is Canada. Canada has also approved Honduran Ambassador Ernesto Crespo. Honduras is on a list of approximately 10 Latin American countries that have unsettled debts with Canada which could be forgiven and reprogrammed in terms of environmental conservation programs."

Instructions on this are being forwarded to the Honduran Embassy in Canada.

Nicaragua

Minister on Controlling Weapons Trafficking

PA2506235092 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 25 Jun 92

[Text] Foreign Minister Ernesto Leal said Nicaragua is the first Central American nation to accept the implementation of an assistance and cooperation mechanism to check trafficking of illegal weapons. The foreign minister said surveillance and control along the nation's borders will be reinforced.

The presidents attending the recent Central American presidential summit in Managua instructed the Central American Security Commission to look for feasible mechanisms aimed at preventing and controlling weapons trafficking. Nicaragua [words indistinct] a proposal that was approved in the recent meeting of the commission. Here are comments by Foreign Minister Leal:

[Begin Leal recording] The diplomatic notes in which we—in addition to being the promoters—accepted the procedures that include the control of illegal weapons trafficking have already been sent to the respective Central American foreign ministries. [end recording]

The government will reinforce surveillance on all national border posts, and will increase controls. If weapons are found to have been brought in from another country, the Nicaraguan Government will communicate this to the other Central American nations in less than 24 hours. All nations in the region will be compelled to issue reports on weapons trafficking, and the origin of the weapons will be investigated.

[Begin Leal recording] In this way, illegal weapons trafficking should end once and for all. The cooperation among the Central American nations will not only detect this illegal trafficking, it will also provide a check on the practice, in accordance with the law in the respective nations. [end recording]

Leal said there are currently no reports on weapons trafficking in Central America. This control mechanism includes judiciary and police cooperation among the nations in the region.

Liberal Party President on FSLN Arms Buildup

PA2506173692 Managua Radio Corporacion in Spanish 2200 GMT 24 Jun 92

[Statement by Independent Liberal Party President Dr. Wilfredo Navarro; place and date not given—recorded]

[Text] The discovery of a weapons cache does nothing more than confirm the reports of National Opposition Unity political leaders on the arms buildup that is occurring in Nicaragua. This cache shows the disarmament brigades' complete inability to actually disarm Nicaraguans. They are taking away rifles that are in poor shape from Nicaraguans who are trying to make some money by surrendering them. The weapons are not concentrated in the hands of Nicaraguans who are surrendering these poor rifles; they are in the hands of FSLN [Sandinist National Liberation Front] commanders. Each commander owns his own cache.

If Commander Guzman, who is a second-rate commander in the FSLN, had a cache of 200 weapons, imagine what kind of cache Daniel Ortega, Humberto Ortega, Tomas Borge, Bayardo Arce, or Henry Ruiz may have. They are top FSLN members [tiliches], who are still in place thanks to the authority and arrogance the government of Mrs. Chamorro continues to allow them.

Another important point is the duality created by the existence of two kinds of citizens in Nicaragua. There are the common citizens, such as you and I. If the police found a pistol or a .22- caliber rifle on us, they would beat us up, jail us, and take us before the courts. We would not be able to leave jail. On the other hand, there are the first-class citizens, that is, members of the FSLN or the government hierarchy. A Mr. Odel Ortega, who sold surface-to-air missiles to the Salvadoran guerrillas—which is an international crime—is currently free. The same is true of Captain Guzman, because the flamboyant government minister said that he was negligent and thus deserves no punishment.

We believe the caches that were discovered, such as the one found in Commander Guzman's residence, should be destroyed publicly to let the Nicaraguan people confirm their actual destruction. The rifles were retrieved from Commander Guzman's cache and later transferred to another site. The Sandinists are the ones who supposedly discover weapons and the same ones who supposedly store them.

In other words, it is very difficult to control weapons in Nicaragua because it is like asking thieves to store money. This government's negligence in failing to point out clearly those responsible for the arms buildup in Nicaragua must be denounced. In Nicaragua, the real arms buildup promoters are commanders of the revolution, the Daniel and Humberto Ortegas, who have personal arsenals for their personal armies. Unfortunately, in Nicaragua the Army continues to be the army of a family. In the past, it was the army of the Somozas, and today it is the army of the Ortegas.

Lacayo Signs Protocol for Reorganizing Police

PA2506190392 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 25 Jun 92

[Text] Antonio Lacayo, Nicaraguan presidency minister, and Rafael Vera, Spanish secretary for security, signed a protocol on 25 June for Nicaraguan police reorganization. The purpose is to create a professional, nonpolitical police force that can protect the state of law. The police reorganization includes counseling, resources, technical, and professional information. The protocol will be implemented with the visit of Spanish experts, scheduled to arrive in Managua on 6 July.

Minister Lacayo also met with Alfonso Palomar, president of the EFE news agency, and Jesus Polanco, director of the newspaper EL PAIS. Lacayo was received at the Senate by President Juan Jose Laborda and Vice President Bernardo Bachoja, who expressed support for the Nicaraguan Government's reconciliation and democratization process.

Minister Lacayo met with leaders of Spanish parties such as the PSOE [Spanish Social Workers' Party] and the Social Christian Party. The Spanish Confederation of Business Organizations, which will hold an Ibero-American businessmen's summit in Spain soon, was also on Lacayo's agenda. On 26 June, Minister Lacayo will depart for Seville, where he will be present for His Majesty Juan Carlos', the King of Spain, visit to the Nicaraguan pavilion at Plaza de las Americas.

Eden Pastora Returns To Rejoin National Life

PA2506183392 Managua Radio Catolica in Spanish 1100 GMT 24 Jun 92

[Telephone interview with former Sandinist Commander Eden Pastora Gomez by unidentified reporter; place not given—live]

[Text] [Reporter] Dear listeners, we now have Commander Eden Pastora Gomez on the telephone. He has returned to Nicaragua, and I have been told that he plans to enter the political arena and the civic struggle. He is a military hero, and we will now listen to his plans following his return to Nicaragua. Commander Eden Pastora, what have you to say to the listeners of Radio Catolica's "The Awakening" newscast?

[Pastora] First of all, I must thank you for this opportunity to communicate with the peasants, workers, industrialists, intellectuals, and youths who are this country's future. I would like to greet them, wish them the best, and inform them that I have returned to Nicaragua to live with my people and to join the national life. I am interested, as usual, in my people's future, and I am always willing to make sacrifices for their well-being and future. This is why I returned now; because I believe my presence is necessary.

[Reporter] What is your position regarding the FSLN [Sandinist National Liberation Front] to which you belonged?

[Pastora] I have criticized the National Directorate's political deviations for the past 10 years. I was among the first to criticize its totalitarian political policies. I also criticized the FSLN when it attempted to, or rather, when it implemented a police state without freedoms, which was upsetting. I always criticized the Somozist congress that they formed, which trampled on dissidents whose views did not coincide with the National Directorate's. I criticized their give away [pinata], and I criticized all of their totalitarian attitudes and policies that fostered national insecurity. My position has remained the same. I have the same spirit I had when we defeated the Somozist dictatorship, and when I fought against the dictatorship established by the National Directorate. If the FSLN does not correct itself and make changes, my criticisms will continue.

[Reporter] I thank Commander Eden Pastora very much for his statements. We will be watching his actions in the political field.

* Corruption Linked to Weak Comptrollership

92CA0170B Managua EL NICARAGUENSE in Spanish No 71, 15-21 May 92 p 4

[Article by Mario Alfaro Alvarado]

[Text] The Sandinists deliberately intended the post to serve no purpose. They thought they would always be in power and picked comptrollers who would close their eyes and let things go by. Based on that certainty, they endowed the Comptrollership with constitutional powers that the regime's comptrollers would not apply.

But things have changed! The democratic forces won the elections, and the National Assembly assigned the comptroller's post to an honest citizen willing to do his duty.

Corruption existed in the past under Somozism, and it continued under Sandinism. Now, despite the democratic victory of the people, there is still corruption. President Chamorro announced her "revolution in honesty." It was a revolution that should have begun in the Office of Comptroller General, but the comptroller has been denied the means to carry out any cleanup, and corruption continues to spread under this government.

It is no longer possible to get rid of the comptroller, nor is it possible to totally invalidate his work. Consequently, the cogovernment had to find a way to neutralize him: It reduced the budget in order to limit his work. Backed by the votes of the Sandinists and defectors from the "center," they imposed a budget in keeping with this government's political interests. And while the Office of Comptroller General is denied any budget increase, the Ministry of the President has allocated itself 10 million more than it had before! The purpose? To render the comptrollership's task impossible and thus turn it into an agency of no importance.

However, this was not enough for those who enabled a deputy minister to flee for the precise purpose of preventing the Office of Comptroller from investigating him. Now they have tackled the task of discrediting the comptroller in order to force him to resign. The most disappointing thing about this entire insidious campaign is that the daily newspaper LA PRENSA has joined in it!

The daily newspaper of all Nicaraguans and defender of the people's causes and interests is waging a campaign of denigration against Guillermo Potoy, comptroller of the Republic. And since it cannot accuse him of dishonesty, it tries to depict him as an inept official, seeking to ridicule him even if it has to lie and even if it has to betray the ideals of Pedro Joaquin Chamorro.

The comptroller is accused of trivial charges, such as working as an adviser to Casa Pellas, but they forget that officials in this government engage in business under the cover of the government. Neither the constitution nor our laws prohibit the comptroller from advising a commercial firm for which he has worked all his life. Nor do they prohibit government officials from engaging in business. The difference—and it is sizable—is that there is nothing immoral about acting as a consultant, while using the protection of government to further one's own gain is indeed immoral.

The comptroller is accused of accomplishing very little, but they forget that the last Sandinist comptroller destroyed highly valuable documents in order to conceal the pinata. That is a crime, in contrast with doing very little when an official is denied the resources he needs to perform his job.

Public opinion must know the purpose behind this insidious campaign of the cogovernment to which LA PRENSA has now lent its voice. It must know that officials who use government positions for their own gain do not want to expose themselves to an investigation because Guillermo Potoy, acting in his capacity as comptroller general of the Republic, is willing to do his duty and investigate anyone, as mandated by the constitution.

That such stinging, outlandish criticism and cunning attacks should come from Sandinist circles should not surprise anyone. However, that they should come from the newspaper from whose columns Pedro Joaquin Chamorro fought corruption, injustice, and abuse is

indeed shocking. Honest citizens are increasingly convinced that this government is indeed a continuation of the preceding one, as the minister of the Presidency has affirmed and its practices demonstrate. In addition to being totalitarian, the previous government was corrupt and, like the pinata, the effects of that corruption are accepted by this government.

It is not Guillermo Potoy who is being pilloried, but the honesty this country so desperately needs. To continue this campaign against an honest official and try, because he is honest, to ridicule him and paint him as an insubstantial official denigrates the ideal of Pedro Joaquin, who, from his newspaper, defended the honest and castigated the corrupt.

* Article Praises Free Trade Agreements

92CA0170A Managua LA PRENSA in Spanish 27 May 92 p 18

[Article by William Clerk Aviles]

[Text] Venezuela and Colombia are currently negotiating bilateral free trade and complementary economic treaties, agreements involving parallel aspects such as the participation of those countries' enterprises in the privatization process, foreign trade credits, and technical assistance. We have made significant progress with the former as a result of agreements signed in Tuxtla Gutierrez on 11 January 1991 by all Central American presidents, including our own. A pledge was made at that meeting to draft agreements on a whole series of rather broad issues, such as strengthening financial cooperation, developing actions aimed at expanding the exportable supply, promoting foreign investment in the region, furthering the development of the primary sector through investments aimed at increasing agricultural production, planning action to support energy and financial cooperation within the framework of the San Jose Agreement, and promoting technical cooperation and training programs.

The Free Trade Agreement will be signed with Mexico as part of the Complementary Economic Accord in the very near future. That treaty is the result of multilateral Central American negotiations and contains two parts. The first, involving multilateral aspects, comprises the bulk of the clauses and will be resolved jointly between countries in the area and Mexico. The final draft has already been signed. The second contains bilateral negotiations on specific items pertaining to tariff exemptions of mutual benefit to the countries' markets. It is interesting to note that by 31 December 1996, there will be a free market between Central American countries and Mexico, but tariff exemptions in the initial phase (1992-1996) are to be decided separately with each country. Consequently, Nicaragua will negotiate its tariff reduction program and regulations concerning origins independently, the latter being the stickiest because none of the countries, particularly Mexico, wants producers in third countries with whom it has no agreements to benefit from the free trade.

As a result of such negotiations, we hope to substantially improve our products' access to the Mexican market as a result of a reduction in import duties. In particular, so-called "nontariff" obstacles will be eliminated. Moreover, our sensitive products will have a "grace period" before they face competition from counterparts in the north, even if they are forced to plan ahead. After all, the opening is henceforth a fact. Our businessmen must be ready to face the challenges of the new century, which are bound to be marked by a modernizing trend. Furthermore, we will be the prime beneficiaries of the Economic Complementation framework.

On 16 July 1991, the Central American and Venezuelan presidents met in San Salvador to sign the basic document for a framework agreement on trade and investments. That agreement contemplates the establishment of trade liberalization programs, including programs to reduce tariffs and eliminate other types of barriers, in keeping with a system of reciprocity that enables Central American countries to move ahead on their own terms and sponsor mechanisms to promote and protect investments on both sides.

On 28 June 1991, a memorandum of understanding was signed with Colombia expressing both governments' determination to implement a trade liberalization program.

It is important to emphasize that no agreement, whether with Mexico, the United States, the EEC, or anyone else, will in itself solve our problems. The most important thing is to expand our supply of exports; otherwise, all efforts will be of no avail. Mexico offers more opportunities than a mere agreement to reduce tariffs. It provides us with a chance to gain entry into a partnership that includes Canada, the United States, Mexico, and Central America, where we have already established a presence. Possibilities of achieving closer business contacts are many, which is why it is important for our business partnerships to plan visits on both sides so as to improve the climate for coinvestments, shared production, a complementary supply, and so on. Let us remember that the sign of the new times is that the government neither produces nor exports, but only facilitates, in tune with the times and possibilities. That is the direction in which Violeta de Chamorro's government is moving, rechanneling the country's productive activities, seeking to create conditions aimed at increasing investments, and generating added value for our products, a fundamental element in achieving progress and happiness for all Nicaraguans.

Panama

New Guerrilla Group Issues Statement

PA2606004892 Panama City EL PANAMA AMERICA in Spanish 25 Jun p1A

[Report by Juan Pritsiolas]

[Text] A recording sent to the news media on 24 June proclaimed the creation of a new guerrilla group called Front for the Liberation of Panama [Frente para la Liberacion de Panama—FLP], commanded by former Captain Evidelio Quiel, 36.

"We state that we will use every resource to liberate the country from the traitors and enemies who are ruling now because there is no greater honor than to die for God, our sons and daugthers, and the Fatherland," the FLP message affirmed.

The FLP claims responsibility for rescuing Quiel, who disappeared while under house arrest at his home located in the reverted area.

The FLP justified Quiel's escape on the grounds that the authorities wanted him to sign a statement accepting responsibility for and implicating other officers in the execution of 11 officers who planned the November 1988 coup attempt against General Manuel Antonio Noriega.

The former captain escaped with the help of about 12 hooded men, at the same time that a sergeant was trying to take over the Balboa Police Precinct.

Evidelio Quiel was the head of the Amphibian Command Unit in the Panama Defense Forces. He received intensive training in Cuba in carrying out terrorist attacks, insurgent activities, and sabotage.

During the U.S. Southern Command interrogation, Quiel disclosed that the Cuban training was based on "exact models of the real world, such as a plan to corner and murder former Chilean President Augusto Pinochet and an attack on the San Salvador airport."

The FLP declaration denounced the existence of an alleged paramilitary group promoted by the government that would be tasked with capturing and killing officials from the previous regime and other opposition figures.

In view of the possible actions by this "paramilitary group," we cannot "stand idly by, watching our compatriots dying and allowing the destruction of the country," the FLP stated.

The FLP adopted a name similar to the Organization for the Liberation of Panama that, as Quiel told his U.S. interrogators, sought to group his former comrades in arms and Gonzalo Gonzalez, the chief of the "Macho de Monte" Unit.

Gonzalez and former Mayor Heraclides Sucre evaded the political asylum granted to them by Peru. The Attorney General's Office has a statement by a witn[illegible] who said those former officers are organizing guerril[illegible] in the Darien jungle.

The FLP raises to four the number of alleged guerrilla organizations in Panama. The others are: the 20 December Movement; the Torrijist Liberation Movement (MLT) of former Mayor Carlos Saldana, and the National Liberation Movement.

Minister Protests U.S. Southcom Violations

PA2506221392 Panama City EL PANAMA AMERICA in Spanish 25 Jun 92 p 10A

[Report by Eduardo Soto P.]

[Text] Panamanian Foreign Minister Dr. Julio Linares indicated to EL PANAMA AMERICA that he will continue protesting to the U.S. Southern Command, if it persists in violating Panama's national sovereignty as it has been doing during the past weeks.

Linares stated that the Foreign Ministry is keeping a close watch on U.S. troops stationed along the canal, in order to avoid any further infringements to what has been clearly established in the canal treaties and the national Constitution.

The foreign relations minister pointed out that U.S. Ambassador Deane Hinton had acknowledged the mistakes made by U.S. soldiers and had promised that the entry of armored vehicles into Panamanian areas that are not considered to be fixed defense sites would not continue.

"We will remain steadfast in our position," the foreign minister emphasized, when referring to his protests because of the excessive U.S. military presence around the streets of Panama.

This newspaper has been able to determine that U.S. Southern Command soldiers stopped Panamanian civilians who were walking in front of the military bases in order to question them.

Linares stated that Ambassador Hinton is well informed with respect to Panama's position. He criticized the media for not having published his letters of protests, which were sent to the U.S. diplomatic delegation.

Comptroller General Criticizes Amendments

PA2606013992 Panama City LA PRENSA in Spanish 25 Jun 92 p 2A

[Letter from Comptroller General Ruben Dario Carles to Legislative Assembly President Marco Ameglio, date not given]

[Text] Mr. President:

In view of the approval of the bill on constitutional amendments in a second debate by the current legislature, and given that those amendments include laws

regulating the functions of the Comptroller General of the Republic, it is my historical duty to make the following statements:

1. During the process of review, study, discussion, and approval of those amendments by the Legislative Branch, I was not consulted and had no participation whatsoever in the drafting or writing of those laws.

2. The proposed amendments affecting the Comptroller General's ofice were not truly aimed at introducing constitutional reforms to satisfy the authentic demands of the Panamanian people. Instead, they were actually motivated by partisan and personal objectives, with the intention of settling real or imaginary controversies that have emerged at the Comptroller General's Office because of its steadfast determination to maintain discipline and order in the handling of public finances. For that reason, I have not until now participated in the debates on the subject.

Things have gone too far, however. Constitutional amendments are being introduced that will weaken the healthy handling of public funds. Therefore, have deemed it necessary to state my opinion.

3. It is inconceivable, for the Panamanian people struggled very hard to restore democracy in Panama in order to end the abuses committed by the military dictatorship, including the irresponsible handling of public funds. That same military dictatorship that incurred so many abuses had the decency to stipulate in its constitution previous controls by the Comptroller General's Office, and then to regulate those controls through Law 32 of 1984. It is therefore inconceivable for the Panamanian people that now, under a democracy instituted among other reasons to end the ill-fated practices of that process, the only action taken in that direction has been to eliminate even the decency that the military governments maintained on the subject.

4. The amendments eliminate previous necessary controls. In addition, this carries the erroneous concept that the expense budget is a mandate. This will result in excesses in handling of public expenses without supervision or controls. At the same time, it will inevitably produce the collapse of public finances, because there will be no way to control unnecessary, excessive or unjustified expenses.

The elimination of previous controls means placing the management of state resources under the absolute and exclusive discretion of the government official in charge of their administration.

5. In Panama, despite the existence of preventive mechanisms established in the Constitution currently being amended, we face the problem that irregularities are still committed. It would seem that the intention is to continue committing those irregularities with the clear purpose of relaxing the handling of state resources by eliminating previous controls. This will inevitably lead to making the irresponsible and irregular handling of public funds a regular practice.

6. The fact that the amendments will be implemented at the end of the period for which I was appointed Comptroller General, and therefore will not affect my functions, does not exempt me from expressing my views. I believe this action is contrary to public interests and will have negative effects for all Panamanians, because of the relaxation and absence of controls resulting from the amendments. The Comptroller General's Office as a permanent and necessary state institution, and the preservation of its authority and functions, are at stake. Increasing or reducing my responsibilities while occupying the temporary position of Comptroller General is not what counts.

German Technical Cooperation Agreement Signed

PA2506140492 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Jun 92

[Text] Foreign Minister Julio Linares and German Ambassador to Panama Adolf Eberhart on 24 June signed an agreement on a Studies and Experts Fund project. The agreement covers technical cooperation as well as bilateral cooperation projects that will finance studies, reports, and technical projects, as well as sending experts to Panama for brief visits to advise Panamanian staff on advanced technology.

Bolivia

President Says Country To Join Mercosur Soon

PY2506022592 La Paz Radio Fides Network in Spanish 1100 GMT 24 Jun 92

[Text] President Jaime Paz Zamora, who yesterday attended the anniversary commemoration for the National Police Academy, said Bolivia is very close to joining Mercosur [Common Market of the South] in its continuing quest to gain access to other markets in the American continent.

[Begin Paz Zamora recording] We will do everything possible to resolve the problems of the Andean Pact, but at the same time we are making quite a strong move toward (?joining) Mercosur. [end recording]

U.S. Servicemen Asked To Remove Insignia

PY2506141092 La Paz Radio Fides Network in Spanish 1100 GMT 25 Jun 92

[Report by Mariano Verdugo in Santa Ana de Yacuma, Beni]

[Text] Three U.S. servicemen were forced to remove their military police bands by officers from the local Navy base in Santa Ana, at the command of Corvette Captain Raul Vizcarra Escobar. They are members of a 120-man group that are in the city to help with USAID development. The U.S. servicemen, who were wearing camouflage uniforms with their respective rank insignia, were in an ice cream parlor when they were approached by Navy officers who told them they should not wear their rank insignia.

The Santa Ana Navy base commander said U.S. servicemen cannot be allowed to wear their military police insignia as there is a Bolivian military unit in this city. The U.S. servicemen said they were unaware of the existence of the Navy base and then removed their respective rank insignia.

The incident, which took place yesterday at 1700, annoyed [U.S.] Major Alejandro Espinoza, operations chief of the first group to arrive in Santa Ana. During a visit to Deputy Provincial Prefect Jose Pedro Melgara Arteaga, Maj. Espinoza protested the way his men were being treated and requested that the Santa Ana Navy base commander be immediately transferred or else the U.S. soldiers would leave without assisting in the development of the city.

In turn, Deputy Prefect Melgara also criticized the way in which the Americans arrived in the city without bothering to present themselves at his office, given that he is the government's representative. Although this group of Americans arrived in the city five days ago, they did not have the courtesy to visit or present themselves to the relevant authorities. They were, however, freely moving about the city, displaying their military power.

The incident in the ice cream parlor was filmed by Channel 9 of Santa Ana Television, which I witnessed. Maj. Espinoza claimed that we were acting in league with the naval officers and that we were present at the exact moment the naval officers demanded that the U.S. servicemen remove their insignia. Maj. Espinoza, who had gone to Channel 9 to watch the video of the incident, which was unavailable, accused us of acting in league with the naval base to carry out this incident, which was applauded by local inhabitants.

Labor Leader Protests U.S. Military Presence

PY2506233892 La Paz Radio Fides Network in Spanish 1100 GMT 25 Jun 92

[Report from Oruro]

[Text] The Americans are on our national territory with very little pretext—Bolivia being considered virtually a Yankee colony—according to statements made by Juan de la Cruz Huilca, peasant leader and public relations secretary general of the Bolivian Labor Federation. Huilca said that the national congress of peasant workers that will be held tomorrow in La Paz will discuss this sensitive subject.

[Begin Huilca recording] Another topic is the problem of dignity and sovereignty. Of course, this is a [words indistinct] for the peasants, which [words indistinct] the U.S. military have intervened here; that is, we consider Bolivia to be a Yankee colony. At present, there are military units here with no real pretext, or with the pretext of fighting drug traffickers and providing civic assistance in the communities. Even U.S. ambassadors have been making declarations accusing the peasants of [words indistinct], that coca enslaves us. [end recording]

General Vargas on Changes in Armed Forces

PY2506223992 La Paz Television Boliviana Network in Spanish 1700 GMT 25 Jun 92

[Text] President Jaime Paz Zamora, as commander in chief of the Armed Forces, will decide on changes among the high military commanders.

Joint Chief of Staff General Oscar Vargas Lorenzetti has stated that no official report has yet been released on this issue. He said any changes ordered by the president will be respectfully obeyed.

Vargas also referred to the situation of Army Commander General Alejandro Camponovo and Navy Commander in Chief Vice Admiral Rolando Herrera, to whom the president has granted temporary leave.

[Begin recording] [Vargas] I will be the acting commander until the president of the Republic decides otherwise.

[Unidentified correspondent] [question indistinct]

[Vargas] That is flexible. We acted in accordance with the law.

[Correspondent] But we have heard that Adm. Herrera and Gen. Camponovo have already asked to be reinstated.

[Vargas] I also heard this through the mass media.

[Correspondent] If this is the case, what is the legal and institutional situation [words indistinct]?

[Vargas] I am not aware of their current situation in terms of a legal process. We just know that they are on annual leave.

[Correspondent] Can their request for reinstatement be interpreted that the law considers them ready to resume their duties, that the process is concluded?

[Vargas] Not necessarily. The military court is not under the jurisdiction of the Armed Forces commander. I am not aware of the actual situation of the two commanders. [end recording]

Officials Label Arms Race Charges 'Absurd'

PY2606000092 La Paz PRESENCIA in Spanish 17 Jun 92 p 1

[Text] Three high military officials yesterday labeled as "absurd" the opinion of Chilean "military men and experts" that Bolivian Armed Forces are reportedly in an arms race that could upset the military balance in the Southern Cone.

The three officials agreed that the priority of the Bolivian Armed Forces is national development.

Defense Minister Alberto Saenz Klinsky indicated that due to the consequences of natural disasters and the cholera epidemic, "the first priority is to take care of the basic needs of the people, such as helping out in the harvest, in the balance of payments, and in the economy."

Armed Forces Commander General Oscar Vargas said that the country has not "embarked upon an arms race." He explained that although it is necessary to buy modern weapons, "we have, unfortunately, no financial resources with which to do it."

Army Commander General Oscar Escobar added that the military organizations are "more concerned in taking part in national development than in modernizing and renewing their materiel."

The three military officials agreed, however, that it is necessary to update artillery weapons, and that negotiations are being carried out to buy Chinese arms. Saenz said: "But this does not mean that we are in an arms race."

Saenz added: "The weapons are not missiles or sophisticated materiel that would upset the regional balance. This is absurd." Vargas said the accusations are "false."

Brazil

Franco Considering Possible Collor Replacement

PY2506145092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jun 92 Section 1 p 6

[By Rodrigo Barbosa]

[Text] Vice President Itamar Franco does not believe President Fernando Collor could be impeached or that he will resign. Franco, however, has been meeting with military leaders, making sure they will support him in case the president steps down. The vice president has concentrated on the possibility that President Collor might request a leave of office.

Franco already has met with the military ministers. Navy Minister Mario Cesar Flores told him that the Armed Forces' position is one of support for the president and the legal system, and that they would support the vice president if Collor's departure becomes inevitable. Franco is seeking the support of former President Ernesto Geisel for this eventuality through former Vice President Aureliano Chaves. Franco spoke with Chaves several times in the past few days.

Franco thinks the possibility of impeachment is remote given the legal complexities, and because this solution would severely hurt Collor's political future (in case of impeachment the president is banned from public office for eight years). The possibility of him resigning is considered very remote given Collor's temperament.

Itamar Franco and his advisers think that Collor cannot be found responsible for fraud in electoral campaign accounts.

The fact that the Electoral Court already has approved the report will free Collor of any responsibility in this respect. Not even the proof of electoral fraud will necessarily implicate the president.

The investigation of irregularities by first- and second-level federal government officials is what might produce the most concrete possibility of presidential responsibility. This is the conclusion of the people who discussed the crisis with the president the past few days, based on information produced by the CPI [Congressional Investigation Committee], jurists, and the media reporting on the affair.

Franco intends to remain silent during the crisis. Publicly the vice president must only be seen as a "spectator," without many gestures of support for President Collor and careful of any attitude that might be interpreted as forecasting a further deterioration of the situation.

Franco will return to Brasilia today after spending one week in Juiz de Fora. The last two days he inspected Navy facilities in the Amazon region. The vice president will take over the presidency from 25 to 28 June during President Collor's trip to Las Lenas, Argentina.

CPI Requests Probe of Farias Drug Connections

PY2506161092 Rio de Janeiro O GLOBO in Portuguese 24 Jun 92 p 3

[Text] Brasilia—Deputy Benito Gama (PFL-BA) [Liberal Front Party-Bahia], chairman of the CPI [Congressional Investigation Committee], yesterday requested the help of Deputy Moroni Torgan (PSDB-CE) [Brazilian Social Democracy Party-Ceara] in investigating the link between businessman Paulo Cesar [PC] Farias' influence peddling scheme and international drug trafficking. Benito Gama made this request to Moroni after the testimony delivered by pilot Jorge Bandeira de Mello, PC's partner. Bandeira de Mello testified he has no control over the passengers who make international flights aboard his planes.

Moroni, who is also a Federal Police inspector, believes that he may find a connection between PC's scheme and the routes identified by the CPI on drug trafficking, which Moroni coordinated. Moroni insisted on knowing what type of control is enforced over Brasil Jet and Mundial Aerotaxi planes.

Alleging that the authorites have issued no requirements in this regard, Bandeira de Mello replied: None.

But then an unqualified person may use your planes to perpetrate a crime, insisted Moroni.

I cannot open the bags and check the passengers' luggage, answered Bandeira de Mello.

Deputy Moroni insisted in drawing information from the pilot on flights to the northern region. Bandeira de Mello said he did not recall the flight charts. Therefore, Moroni authorized the CPI to request Aeronautics officials to supply the flight charts of Bandeira de Mello's and PC's planes.

Ministers Said Willing To Leave Government

PY2506153492 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jun 92 Section 1 p 8

[By Brasilia bureau executive director Josias de Souza]

[Excerpt] The scandal involving businessman Paulo Cesar Farias may force President Fernando Collor de Mello to reorganize his cabinet. Concerned about seeing the government paralyzed, some ministers already are discussing among themselves the possibility of leaving the government unless the situation changes in the next three months.

Among the officials feeling uncomfortable are: Economy Minister Marcilio Marques Moreira, Education Minister Jose Goldemberg, Health Minister Adib Jatene, Science and Technology Secretary Helio Jaguaribe, and Strategic Affairs Secretary Eliezer Batista.

For the time being, the ministers are only discussing their feelings to their advisers and colleagues in the government.

During one talk yesterday, one of the the officials said that he is not leaving the government immediately because he does not want to appear disloyal to President Fernando Collor now that he is living through his worst moment.

Last week, Marques Moreira told one of his colleagues that the series of scandals that began with Pedro Collor's charges are preventing the inflation rate from going down. Worse still: The scandals push the inflation rate up.

The minister's team is seeing another ghost. Marques Moreira's advisers believe that, to prevent being crushed by the Congressional Investigation Committee, the president may be forced to accept certain conditions, including in the economic area. In an extreme situation, even Marques Moreira's head will be included in the negotiations, but he is ready to jump from the frying pan before his feet begin to burn. When he leaves, his entire team will leave with him. [passage omitted]

Fiscal Reform Plan Author Interviewed

PY2606011792 Sao Paulo ISTOE SENHOR in Portuguese 24 Jun 92 pp 5-7

[Interview with Ary Oswaldo Mattos Filho, author of the government-sponsored fiscal reform bill, by ISTOE SENHOR journalists Jose Marques and Rodrigo Mesquita; place and date not given]

[Text] [ISTOE SENHOR] Why is the fiscal reform measure being presented to the country as the solution to all problems?

[Mattos Filho] The reform is important because it can help to reduce the role played by interest and monetary policies. It is not just a matter of modifying taxes and it is not the solution to all problems.

It is a fiscal reform, that is, it affects public spending. If public spending is modified, the size of the state will either increase or decrease. The matter involves several situations that are crucial for federal and state funds, and especially for municipal funds. The reform establishes jurisdictions and defines what the Union, the states, and the municipal governments can do. This is why the state reform is valuable.

[ISTOE SENHOR] Does the state reform seek to control government spending rather than increasing taxes?

[Mattos Filho] The reform seeks to streamline taxes, thus increasing revenues without raising taxes. The reform aims to concentrate the tax burden on a large number of

taxpayers. This in turn reduces the burden on large industries, which bear a heavy tax burden. Federal, state, and municipal fiscal authorities have practically stopped taxing small and medium-sized taxpayers and have concentrated on the large taxpayers. This has made it necessary for fiscal authorities to levy increasingly higher taxes on large taxpayers. The result of this is the appearance of nonregistered economic activities. Today, when I talk with economists, the most optimistic consider that 40 percent of the economy is not registered, while the most pessimistic people—like Senator Eduardo Vieira—believe that this figure runs as high as 80 percent.

[ISTOE SENHOR] Is that the world's highest rate?

[Mattos Filho] Right. Why do nonregistered economic activities grow? Because there are very high taxes burdening registered activities. What are registered activities? They are those of enterprises.

[ISTOE SENHOR] Are salaried individuals also engaged in nonregistered economic activities? After all, taxes are withheld from their checks.

[Mattos Filho] That is another myth. For example, throughout his life, an individual pays a lot more indirect taxes than he does income tax. The income tax paid by individuals in Brazil is one of the lowest throughout the world. By comparison, the tax paid by corporations is among the world's highest. It is unrealistic to believe that corporations can be taxed with impunity, without any further consequences.

[ISTOE SENHOR] Some critics, especially economists, claim that the fiscal reform is elitist because it does not place the highest burden on huge fortunes. What do you think of that?

[Mattos Filho] The tax on large fortunes is a marginal source of revenue that causes considerable irritation between taxpayers and fiscal authorities. I believe that all governments should try to increase revenues. That is their duty. We should aim at a modern taxation system. The tax on large fortunes was very successfully implemented by Socialists in Great Britain in the 1920's and 1930's. Yet this has been reversed. What we want is to control spending, which is the main point.

[ISTOE SENHOR] Why?

[Mattos Filho] Because it is possible to be fair to both sides; both taxpayers and those who use tax revenues. The state can counterbalance any distortion caused by the collection of taxes, depending on how it spends the funds in its capacity as a political agency. This is what is done in Europe where revenues come from taxes that everyone pays. The tax paid by an elevator operator in Italy on cigarettes is the same as the tax paid by Gianni Agnelli, the president of the Fiat group, on his cigarettes. The Italian state channels money toward social areas. Obviously, Agnelli will not benefit from a hospital or from the schools that are run by the state. He thus pays the tax but gets no service in return. Therefore, fiscal justice can occur not only through revenue collection, but also through spending.

[ISTOE SENHOR] Which is the most equitable tax in our tax collection system?

[Mattos Filho] Without a doubt it is the income tax. It has the ability to encompass different economic situations. It is the most equitable tax in that it can be applied to citizens of all social classes, and can give them varying treatment. It is the most complex tax because it is the most equitable one. To my knowledge, the personal income tax is the only one that has received simplification requests—on television—by two Brazilian presidents. Besides requiring knowledge of how to read and write, the income tax requires citizens to know how to do the four basic arithmetic operations. Moreover, I want to say that it is difficult to devise a tax that is both fair and simple. This is why many European countries, in addition to Japan and the United States, have decided to be a little unfair with regard to their tax collection systems, and fair with regard to their spending.

[ISTOE SENHOR] How is this implemented in practice?

[Mattos Filho] If the state spends its resources to benefit the strata with less purchasing power, it is spending its tax collection properly.

[ISTOE SENHOR] Regarding this fair spending system, do you believe it has already been implemented in Brazil?

[Mattos Filho] It is necessary to note that more is collected in state—and not federal—taxes. With regard to spending, social policy must basically be made by the states, because they are the ones that collect the ICMS (Goods and Services Movement Tax)—and the ICMS burden is much heavier than, for example, the burden of the IPI (Industrialized Products Tax), which is collected by the federal government. The ICMS burden represents 7 percent of the GDP [gross domestic product] and the IPI burden represents 2.1 percent of the GDP. Spending in democracy depends on budget appropriations. It depends on budget allocations. The budget is drawn up by the executive branch and approved by the legislative branch. It all depends very much on how expenditures are allocated in a budget.

[ISTOE SENHOR] Are you saying that even if this reform is implemented within the studied values, and is aimed at being more equitable, it is not certain that it will implemented?

[Mattos Filho] This is part of democratic practice. Budget appropriations are repeated every year. Nowadays, for example, we have certain binding provisions. There is a binding provision in the federal Constitution by which the federal government must allocate 18 percent of its total collection to education, the states must allocate 25 percent, and the municipalities 25 percent.

[ISTOE SENHOR] Is the Fiscal Reform Commission reportedly overstepping its jurisdiction a bit, and entering the jurisdiction of the executive and legislative branches?

[Mattos Filho] Exactly. The commission presents a proposal, and this proposal presupposes some changes in the Constitution. If the executive branch submits this proposal, and if the legislative branch approves it, it is something for them to do. We have a very clear notion of our size, our role. Our role is of a technical nature. The elected ones, those who were empowered by the electors, are legally entitled to arbitrate on this issue: namely President Fernando Collor, the senators, and the deputies.

[ISTOE SENHOR] One important aspect of the problem is that we are about to hold new elections, and the fiscal reform project affects voters' pockets. Do you believe that in view of this situation, the legislative branch might be willing to vote on the project within the deadline?

[Mattos Filho] This reform is being called for; there is a movement in favor of fiscal reform. This fiscal reform is, however, controversial. We are now proposing to invert this discussion by asking the tax payer: What do you want from the government? I believe participation is fundamental. Our great problem in the commission is not so much a technical one, but rather that we need to succeed in involving the citizens in the discussion. If we do not involve them in the discussion the Congress, governors, mayors, economy secretaries, and finance secretaries will obviously resort to their legitimate right to exert pressure to increase their tax collection and, again, the taxpayers will be left out.

[ISTOE SENHOR] How do you intend to obtain society's commitment to the reform without offering guarantees that the funds obtained through the reform will revert to society as social benefits?

[Mattos Filho] I believe we must point out that it would not be a good idea to have members of the commission make promises to sectors of our society. We will say: "Look, we believe that this fiscal reform system is better, and that your participation in the discussion is fundamental." It is not only the Fiscal Reform Commission or the government who must discuss the reform. It must be a national discussion. It makes no sense unless the citizens get involved in it.

[ISTOE SENHOR] In your opinion, why did the fiscal model deteriorate?

[Mattos Filho] The model currently in force, which was included in the 1988 Constitution, took into consideration only the states' and counties' revenue needs. In 1988, we were leaving the centralized government system. Although the Brazilian Constitution stated that Brazil was a federation, for 10 or 15 years Brazil had a centralized system of government. The central government had the power to grant state and municipal tax exemptions. What happened then? With the 1988 reform, the country began to tread another path: Everything was then oriented toward the social projects. It was forgotten, however, that someone had to pay for the social projects. It was decided then that by increasing the tax rate, tax collection would also increase. This was a mistake. This mistake can be read on the first page of any finance book: By increasing the tax rate, tax collection increases only up to a certain point. From that point on, tax evasion and corruption begin.

[ISTOE SENHOR] Aren't we currently at the limit of that dividing line?

[Mattos Filho] No, we have already gone beyond it. Tax evasion increased that way. Tax evasion must be around 40 or 80 percent. The fact is that, in theory, no citizen evades taxes because he likes to. No citizen, or company, evades taxes because they like to have a sadomasochist relation with the revenue office. There are better and healthier ways of feeling emotion. Why does the black market economy exist? Because there was too much fiscal pressure at a certain point. And not necessarily all taxes. An increase in only one tax was enough to make the taxpayer begin to evade taxes. Taxpayers evade that one tax, as well as the rest, only to be consistent. It is not feasible that a company might evade the income tax but pay the IPI or ICMS, or pay his social welfare contributions or the PIS-Pasep [Social Integration Program-Civil Servants Welfare Fund].

[ISTOE SENHOR] Then there is a cascade effect in tax evasion.

[Mattos Filho] Yes, there is, because citizens must be consistent in evading taxes. The fact that only one tax is high makes him evade the rest.

[ISTOE SENHOR] A fact in Brazil is that no one goes to jail for evading taxes. Some deputies say: The tax evasion committed by PC [Paolo Cesar] Farias, for example, represents the low fiscal ethics in this country. It is the clearest case of the absence of fiscal ethics. One of the tasks would be to recover these ethics. How do you see this matter?

[Mattos Filho] I think that it is really a representative case, because Farias' fiscal situation for the past five years was handed to the Congressional Investigation Committee [CPI]. This means that the instruments society has available are working; they are not hiding the evidence under the carpet. This is a good sample case, because it allows society to work, seeking that ethic, and a lot must still be done in this field.

[ISTOE SENHOR] Do you think that anybody may be imprisoned in Brazil for evading taxes, for lying in their tax statements, as is the case with PC Farias?

[Mattos Filho] I think there are a lot of laws that will allow this case to be investigated from beginning to end.

[ISTOE SENHOR] Do you think that PC Farias will be punished, based on the current penal code and the evidence already collected?

[Mattos Filho] I am aware of what the press is publishing, and I know the opinion of the Association of Federal Revenue Office Agents. If they approve it... Now, the CPI can send the case to Attorney General Aristides Junqueira, who will proceed. What I mean to say is that the mechanisms exist, and they are beginning to be applied.

[ISTOE SENHOR] If the evidence is proven to be true and no punishment is given, won't that cause demoralization for the fiscal reform project and the interest in making this field more clear?

[Mattos Filho] I have no doubts about Congress or the CPI. I have no doubts about the attorney general. I have faith in the Brazilian judicial branch. I think the institutions must be respected. One cannot assume that the institutions will not work, either in this case or any other.

[ISTOE SENHOR] Does the revenue office know who the really big tax evaders are in Brazil? Does the revenue office have a clue as to how they operate, or is this still a completely unknown thing?

[Mattos Filho] I do not know if the revenue office knows or not, because the information it collects is confidential, according to the national tax code. However, the media often publishes a list of the 10 biggest income tax contributors. Of the ten largest contributors I only knew one. Therefore, either there are a lot of people with a lot of money who do not like to appear in public, the so-called "silent businessmen," or there are lot of businessmen who claim they have a lot of money and really do not have as much. It is a very strange thing.

[ISTOE SENHOR] In the line of seeking greater control over tax evasion, will the resolution that will allow the government to have access to credit card movements really be enforced?

[Mattos Filho] The issue is being analyzed by the National Treasury's attorney general, and by the economy minister. My position regarding this subject is known. I do not think there should be any restriction on any kind of information for the revenue office. I also think that the revenue office should remain silent about any information it has access to, under the penalty that the taxation authority may be ridiculed. But that is not the general point of view. The issue is that I am not a jurist; I am an operational administrator. The National Treasury's general counsel is the one who must discuss this subject, because he has the legal authority to do so.

President Signs Land, Expropriation Decrees

PY2506140092 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 25 Jun 92

[Text] President Fernando Collor has signed two decrees to speed up the land reform program in our country—labelled the land program.

The first decree transfers the responsibility for paying agricultural debt notes from the Agriculture Ministry to the Economy Ministry. The second decree regulates the law that grants settlers expropriated land and allows expropriations of areas used to cultivate marijuana and other psychotropic plants.

A total of 400,000 families must be settled by the end of the Collor administration.

Chile

Regional Presidents To Reject U.S. Ruling

PY2606021292 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 26 Jun 92

[Excerpt] Chilean Foreign Minister Enrique Silva Cimma has reported that six Latin American countries will sign a declaration against the U.S. court ruling which virtually authorizes international abduction. Silva Cimma said that the Argentine, Brazilian, Uruguayan, Paraguayan, Bolivian, and Chilean presidents will issue a joint declaration on the controversial U.S. court ruling during a meeting to be held in the Argentine city of Las Lenas.

Several countries have already expressed their disagreement with the U.S. Supreme Court's decision to authorize the trial of Mexican physician Humberto Alvarez Machain, who was kidnapped in Guadalajara in 1990 and handed over to the U.S. police on the U.S.-Mexican border. [passage omitted]

General Denies Shining Path Presence in Talca

PY2506155692 Santiago Radio Cooperativa Network in Spanish 2300 GMT 23 Jun 92

[By Jorge Veloso from Talca]

[Excerpt] Carabineros Director General Rodolgo Stange has said in Talca that he does not believe that Shining Path extremists can disrupt the Chilean people's tranquillity and concept of sovereignty.

He added that he is not aware of the remarks made by a Peruvian congressman, who admitted the presence of Shining Path extremists in northern Chile. He added that the incidents of violence on the eve of municipal elections are isolated cases. [passage omitted]

Political Parties, Commercial Offices Bombed

PY2506135892 Santiago Radio Chilena Network in Spanish 1100 GMT 25 Jun 92

[Text] According to a Carabineros report, a number of bombs exploded last night in various National Renewal Party and UDI [Independent Democratic Union] offices and in commercial offices.

At 2245 on 24 June, an explosion damaged the front door of a UDI office at 340 San Nicolas Street in San Joaquin District while several UDI members where there.

Another bomb was planted in a National Renewal Party office on Varas Mena Street near bus stop No. 15 on Gran Avenida. The bomb had to be detonated by Gope [Special Police Operations Group] personnel at 2325.

The Carabineros also reported that a bomb exploded in front of the Chilean Telephone Company on Llano Subercaseaux Street between Arcadia and Bernardita Vicuna Streets.

The Carabineros indicated that another bombing of a UDI office at 281 General Velasquez Avenue caused minor damages. Another bombing involved the Andean Bottling Company on Carlos Valdovinos Avenue in San Joaquin District.

Leftist Groups Claim Responsibility

PY2606025592 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 26 Jun 92

[Excerpts] After a very tranquil campaign, a series of attacks were carried out last night against the Independent Democratic Union [UDI], and the National Renewal Party [RN] elections headquarters. Ultra-leftist groups have claimed responsibility for the attacks.

The government stated that these attacks were perpetrated by minor groups, which are not in a position to disrupt the electoral process.

One of the attacks seriously affected a UDI election headquarters in San Joaquin District, in the southern part of Santiago. Individuals in a moving vehicle planted the powerful bomb near the window of the living room. Fortunately, all the people were in the bedroom when the bomb exploded. [passage omitted]

Luis Pina, who heads an electoral command that supports a councilman candidate, has stated:

[Begin Pina recording] We urge the government to protect the people and to allow freedom of expression, in keeping with the Constitution, so that people from populated areas can vote without fear. [end recording]

RN leaders also voiced their concern over the attacks against some of their offices. RN leader Roberto Ossandon stated:

[Begin Ossandon recording] This case was an isolated case, but we regard it as serious. I believe that several people were mistreated and beaten about the head. There have been property damages, and so on. [end recording]

In La Moneda Palace, the government denounced these actions and stressed that they are perpetrated by minor groups. Secretary General of Government Enrique Correa said:

[Begin Correa recording] They are weak, minor, and spoiled groups, which are not in a position to disrupt such an important electoral process as that taking place on Sunday, when all citizens will vote to democratize the municipalities. [end recording]

Colombia

Congress Refuses To Ratify Convention on Drugs

PA2506191192 Madrid EFE in Spanish 1712 GMT 25 Jun 92

[Text] Santa Fe de Bogota, 25 Jun (EFE)—A Colombian Senate commission on 25 June declined to endorse a UN convention on the illegal traffic of narcotics and psychotropic substances because, the commission decided, it is unconstitutional.

Liberal Party Senator Humberto Pelaez Gutierrez, chosen to report on a Colombian Government proposal, refused to ratify the worldwide measure against drugs adopted by the United Nations in Vienna in 1988.

Pelaez, secretary of the legislature, believes that the Vienna Convention contradicts five articles of the new Colombian Constitution enacted in July 1991, forbidding the extradition of nationals.

In December 1991, the Colombian Government asked Congress to endorse the Vienna Convention. The Foreign Relations Commission, however, only started to debate the convention last week. The current congressional session is ending soon.

Senator Pelaez said that this convention "is an international and criminal procedure treaty, a mutual legal assistance treaty, a treaty for the confiscation of goods and capital resulting from drug trafficking, and, finally, a collective extradition treaty."

He added that, "curiously, the convention legislates for narcotics-producing and drug-transiting countries, but very little for drug-consuming countries."

Colombian press analysts are concerned that failure to ratify the international measures could be an impediment to the global assistance that Colombia requires to fight drug trafficking.

House Passes Bill Pardoning M-19 Leaders

PA2506175992 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 25 Jun 92

[Report by Guillermo Gonzalez]

[Text] [Announcer] We have a last minute report. The House of Representatives has just approved an expanded pardon for the leaders of the 19 April Movement [M-19]. Guillermo Gonzalez has the details:

[Gonzalez] Good afternoon. The House of Representatives has just approved a pardon for the leaders of M-19. Representative Jaime Navarro Wolff, how does the M-19 Democratic Alliance view this decision by the House of Representatives?

[Navarro Wolff] We view it with satisfaction because it will help consolidate peace. We are ending a legal dispute. A pardon had already been decreed by Law 77 of 1989. This new law on penal procedures has ratified the Congress and the government's will; therefore, current and future legal procedures may be resolved once and for all, thus contributing to peace and democracy.

[Gonzalez] Starting today, the president will have 10 calendar days to approve the new law.

[Announcer] We repeat, the House of Representatives has just approved the pardon.

CNGSB Announces Release of Hostages 25 Jun

PA2606004592 Madrid EFE in Spanish 2351 GMT 25 Jun 92

[Text] Santa Fe de Bogota, 25 Jun (EFE)—The Simon Bolivar National Guerrilla Coordinating Board [CNGSB] announced on 25 June the release of all soldiers and policemen held hostage, Horacio Serpa Uribe, Colombian presidential peace adviser, reported.

The "prisoners of war," as the guerrillas call them, are being held in different fronts and were kidnapped during ambushes or attacks on towns.

Serpa Uribe said he met with Alfonso Cano, second in command of the Revolutionary Armed Forces of Colombia (FARC) and chief CNGSB spokesman in the Tlaxcala dialogue. Cano is still in Mexico, pending arrangements for his return to the guerrilla camps in Colombia, from where the offer came.

According to Serpa, the insurgents' offer was made after they were reminded they had not released 12 soldiers, as they had promised Congress President Carlos Espinoza when he spoke with them in Tlalxcala.

The presidential peace adviser said a date has not been set for the return of the guerrilla commanders in Mexico because some details have not been worked out.

The CNGSB is composed of the FARC, the Army of National Liberation (ELN), and a small dissident group of the Popular Liberation Army (EPL).

FARC Leader Says Rebels Seek Reconciliation

PA2506231092 Mexico City NOTIMEX in Spanish 1843 GMT 25 Jun 92

[Text] San Jose, 25 Jun (NOTIMEX)—Alfonso Cano said today that the Simon Bolivar Guerrilla Coordinating Board [CNGSB], which groups the Colombian rebel organizations, hopes structural changes will occur in the peace negotiations in order to pave the way for national reconciliation.

The leader of the Revolutionary Armed Forces of Colombia (FARC) and member of the CNGSB peace negotiating commission told NOTIMEX by telephone that "in light of the breakdown of the dialogue, it is necessary to bring other social forces into the dialogue."

Cano said the rebel struggle is not a problem "between the government and the rebels, but between the state and society." He said it is necessary for all the social, labor, economic, political, and government forces to join the peace process and the analysis of the nation's situation.

The Executive Branch should join the negotiations in conjunction with the Legislative Branch and Judicial Branch, Cano said. Cano stated that the current plan has proved inadequate "because the peace negotiations should not be reduced to discussing just military problems, as the government intends."

"The genuine roots of the struggle, the causes of the problem, are socioeconomic; the war will only be ended by resolving the problems that started the conflict," he said.

The rebel leader stated that a dialogue has been held between the government and the CNGSB, "the speakers who are farther from contradictions, and now it is necessary to integrate new parties into the negotiation process." [sentence as received]

Cano said the government does not have absolute control over the situation in Colombia. The government should not feel that its authority would be undermined if these negotiations take place internally; on the contrary, it would gain more support for the peace process.

"The rebels' struggle should not be seen as a problem of public order, as the military sees it, but as the product of socioeconomic conflict," he said.

Cano stated that the restrictions the government imposed on the rebel negotiators' returnaing to the country with full guarantees endangers the entire peace process, not just the CNGSB representatives themselves. He said the Caracas agreements established a period of 72 hours for the negotiators to return to their camps with total guarantees. Now there is some "bargaining time" to reduce that period initially to 24 hours, and later to 48 hours. [sentence as received]

He said that in struggling to get a 72-hour period for the negotiators to return to their camps with total guarantees, "we are looking not only at the well-being of the leaders, but also at the future of the talks."

He condemned the increased repression of the people and the arbitrary arrests and raids that try to intimidate the people and stop demonstrations of support for the negotiating process.

He said repression must stop, certain guarantees must be given for the return of the negotiators, and new participants must join the dialogue process.

Our desire "is to end the war and not to raise the false hopes in the people. The highest negotiations in the

country would accelerate the dialogue and secure peace for Colombia," the FARC representative to the CNGSB stated.

President Gaviria Comments on Tax Reform Bill

PA2506201092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 25 Jun 92

[Text] President Cesar Gaviria Trujillo has stated that revenues from the new taxes will mean more investment in social programs. The new tax law will be approved in the next few hours.

President Gaviria stated on 25 June that tax reform is an important step for the country. He added that thanks to the new law, the state will fulfill all of its social duties and maintain a presence in every corner of the land.

President Gaviria said that he is very satisfied with congressional approval of the tax reform draft bill and that the monies collected with the new taxes will allow the government to revitalize the economy, strengthen social investments, and rescue important productive sectors, such as agriculture and small-scale industry.

[Begin Gaviria recording] This will allow us to confront the problems of security and agriculture and guarantee the state's capacity to pursue a healthy and serious economic policy—as has been our tradition for a long time—to lower inflation rates, and set proper economic conditions for productive investments.

The reform represents short-term sacrifices for some sectors, but it is an important step in the search for economic and monetary stability. This will guarantee the state's ability to fulfill its duties. [end recording]

Here at Narino Palace, it was learned that President Gaviria will approve the new tax reform bill in the next few hours and issue the decree to restructure the cabinet.

Energy Minister Discusses Energy Rationing

PA2506193092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0133 GMT 25 Jun 92

[Speech by Juan Camilo Restrepo, minister for energy and mines, in Santa Fe de Bogota—live]

[Text] Good evening. The government tonight wants to present to the people an accurate report on the country's energy crisis and on its strategy to deal with this crisis. As everyone knows, it was necessary to ration electricity beginning on 1 March 1992, for reasons detailed in the past few days. So far, in 1992, there has been little rainfall, and the levels of the rivers that feed our main hydroelectric stations are extremely low. Consequently, it has been impossible for the water level in the dams to rise significantly. We are experiencing an extremely dry season in our history. I want to illustrate this with some simple figures.

For 37 years, we have had statistics on the flow of 20 of the largest rivers that feed the country's biggest dams and hydroelectric stations. The average flow of these rivers has made it possible to accumulate, in the first five months of the year, enough water equal to 9300 gigawatt-hours of energy; one gigawatt-hour is equivalent to the energy required by 10 million 100-watt bulbs operating for one hour. This year, the flow of these 20 rivers has barely made it possible to store water equivalent to 5100 gigawatt-hours. In other words, the flow of water in the rivers that feed our dams has dropped by 45 percent, or 4200 gigawatt-hours, during the first five months of 1992, not to mention the fact that we also had a bad year in terms of rainfall. This situation is compounded by the dry year we are now experiencing.

In order that you can have an idea of what a reduction of 4200 gigawatt-hours entails, like the one we have had this year, this amount of energy is equivalent to the normal demands made by Antioquia Department for six and a half months; Valle del Cauca Department for nine months; Santa Fe de Bogota for five months; or the entire Atlantic Coast for seven months. Furthermore, the minus 4200 gigawatt-hours we have experienced this year is equivalent to twice the energy savings from rationing in the country since rationing began on 1 March.

We must also point out that the absence of rainfall does not necessarily reflect an increase in the rivers' water flow. When the earth is very dry, as it is now, and then it rains, the first thing that happens is that the phreatic level is restored. Only later does the excess water begin to flow to streams and rivers.

There is, therefore, a difference between the time when the rain falls and when the water flows to streams and rivers. This disruption in the rain cycle, which is not a strictly Colombian phenomenon, is also being felt in several Pacific Basin and Central American countries. Because of their present drought conditions, these countries have had to ration power over the past few months.

If we had had a normal rainy season during March, April, and May, we would soon be ending the rationing. Unfortunately, the unsatisfactory rainy season and the drop in water levels I referred to does not allow us to reduce rationing in the short term. Therefore, we must maintain rationing through all of 1992. Furthermore, the coming months of July, August, and September are summer months in the interior. Therefore, I do not believe that the reservoirs will recover during the next quarter.

These are the facts. I would, of course, prefer to be the bearer of optimistic news, but to do so would raise false expectations that would not coincide with the delicate situation that is, unfortunately, apparent because of the hot summer the country is experiencing.

Meanwhile, terrorist activities have continued to have a negative and worrisome effect on the power system. Over the past few weeks, there have been nine explosions

on the second line that connects the towers on the Atlantic coast. The attacks on the oil pipeline have frequently interrupted normal operations at the Santander thermal plants, thereby undermining the generation capabilities of a system that is already in a state of emergency. A few days ago, the multi-use pipeline in Barrancabermeja was blown up just as propane gas was being transported. It almost caused a tragedy of incalculable proportions in the city of Barrancabermeja.

I must once again make an urgent plea for prudence and good sense. These attacks, which are objectionable from every viewpoint, not only endanger lives, as in the Barrancabermeja case, but they also exacerbate the country's power problem which is already fragile.

In view of this situation, the government is concentrating its efforts on ensuring the energy supply in the short term and minimizing the threat of rationing in 1993, even if 1992 is ultimately a dry year, which it appears to be already.

I would like to discuss the short-term measures we have planned. We hope the stopgap measures I referred to—whose implementation requires great financial and administrative efforts on which we have been diligently concentrating—will produce 1 million kilowatts [kw] by early 1993. To achieve this, in the next eight months we must inject into the country a new generating capacity equivalent to producing a hydroelectric plant like the Chibor hydroelectric plant. Among the various steps we are carrying out to do this, I wish to mention the following in particular:

The links with Venezuela are already providing the system with 60,000 kw. This is being done through an emergency interconnection through Cucuta. Later this year, the high voltage interconnection through La Guajira will provide the system an additional 100,000 kw. We are also working on a plan to repair power plants that have been out of service for the past few years. With this plan, we will recover approximately 300,000 kw, 150,000 kw of which will be recovered in the next six months, thereby strengthening the power system. The country has an enormous task ahead in rehabilitating its power plants because of the years of deterioration.

We have implemented two programs along the Atlantic coast for producing electricity from gas. By early 1993, these two programs should be providing approximately 200,000 kw to the power system. We are also importing power generating barges. The first barges will arrive in July and provide the system with an additional 100,000 kw. Meanwhile, Ecopetrol [Colombian Petroleum Enterprise] is using some available surplus gas in several areas of the country to produce 80,000 kw more.

The government has been financially underwriting and coordinating efforts with the Bogota Power Company so that at least the first power generating unit in El Guabio, with a 200,000 kw capacity, will be producing energy by late 1992. Likewise, and thanks to the loans and tax breaks facilitating the speedy import of power plants, we expect to complement the permanent generating capacity with an additional 200,000 kw during the next six months.

As I said earlier, once all these measures have been implemented, we will be gradually producing approximately 1 million kw, thereby strengthening the system. As you can see, we are working on several fronts in the short term. This will allow us to compensate gradually for the serious power deficit that was caused and continues to be caused by the dry summer.

However, we are not only thinking of short-term operations, we are also working on medium- and long-term problems. We are doing this on several levels. The Socio-Economic Policy Council will shortly be adopting an expansion plan for the country's development in the next decade; in other words, new plans will be implemented. The country does not have abundant electricity; therefore, it is necessary to begin the new hydraulic and thermal works as soon as possible.

These works will be different from the short-term work being carried out to meet the present crisis. These new works will ensure a proper supply of electricity for the country by the end of the century. As a first step in this direction, we have recently created the financial and administrative organization that will ensure the construction of the Urra Uno project. We have also made in-depth changes to the current interconnection system to make it safer and more reliable in the future. Finally, we are working with Congress to make changes to the power sector laws in order to ensure that all futured operational decisions made will always be predicated on meeting the needs of the people.

Rationing has been a hard test for the country. The economy as a whole, as well as various sectors, is paying a high price because of rationing. The power sector and those who participate in the planning and financing of this sector must learn from this experience. Some of these experiences are now resulting in specific actions. Unfortunately, this year's harsh summer will make it necessary to continue rationing for longer than we would have liked. However, all the measures leading to the softening of the impact caused by rationing and to prevent more rationing in 1993 are being implemented.

The admirable solidarity and discipline with which the country has faced rationing further encourages the government to resolve these serious problems. Thank you, and good night.

Banking Official Notes Drop in Interest Rates

PA2506161592 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 24 Jun 92

[Text] Economic authorities predict that interest rates on loans will continue to fall. The interest rates for Constant Value Savings Certificate debtors will decrease next week.

Interest rates are falling because of the good supply of currency on financial markets. The board of directors of the Bank of the Republic, which is the financial authority, cited the banks' positive attitude toward credit card interest rates.

[Begin Banking Superintendent Nestor Humberto Martinez recording] It is clear that interest rates are continuing to fall, and there is clear evidence that credit card interest rates are decreasing. [end recording]

Colombian businessmen who wish to sell or purchase stock from enterprises in Venezuela or Mexico will be able to do so beginning January 1993; a system will interconnect the currencies market with their stock markets. This interconnection will be possible through a sophisticated computer system. Eventually, there is also a plan to link them to markets in the Middle East and the United States.

Ecuador

President Postpones Joining Andean Trade Zone

PA2606030592 Quito Voz de los Andes in Spanish 2300 GMT 25 Jun 92

[Text] On 25 June, President Rodrigo Borja confirmed that his government has postponed Ecuador's incorporation into the Andean Free Trade Zone, which was slated for 1 July. Borja said during a news conference that this is a mere postponement. In principle, the incorporation had been set for 1 July. Borja added that 1 July was much too soon, therefore it had been decided to postpone the initiation of the free trade zone among the Andean Group nations.

An Andean Group summit in December had resolved that free trade would be established among Venezuela, Colombia, and Bolivia beginning 1 January and by 1 July, Ecuador and Peru would be incorporated.

One week ago during an Andean Group meeting in Quito, the Peruvian delegation voted against its incorporation into the free trade zone arguing it had [word indistinct] problems, as well as due to the suspension of diplomatic relations between Caracas and Lima. The Peruvian delegation also blocked the approval by agreeing to a common tariff with levels of 5 to 20 percent on 6,500 products traded by the five nations with the rest of the world. Borja said Ecuador will not adhere to the removal of its barriers due to differences between Venezuela and Peru, which resulted in their suspending diplomatic relations, and due to a lack of consensus on the common tariff issue.

Peru's De La Puente Meets With Counterpart

PA2506160892 Quito Voz de los Andes in Spanish 1130 GMT 25 Jun 92

[Text] Peruvian Foreign Minister Oscar de la Puente visited Ecuador for a few hours during a stopover on his trip from Miami to Lima.

During his brief visit, De la Puente met with Ecuadoran Foreign Minister Diego Cordovez, who had returned to Quito on the night of 24 June after visiting Mexico.

This is the fourth time the two foreign minister have held talks since De la Puente took office as Peruvian foreign minister.

The meetings have been held in Washington, Santiago de Chile, and Rio de Janeiro as a part of the rapprochement between the two bordering countries.

The conversation was informal. This is a way of strengthening ties between Ecuador and Peru, said an official from the Ecuadoran Foreign Ministry.

Peru

Cabinet Chief Opens 'National Dialogue'

PA2606000092 Lima Radio Programas del Peru Network in Spanish 2146 GMT 25 Jun 92

[Speech by Oscar de la Puente, president of the Council of Ministers, opening the "national dialogue for peace and development" at the Amphitheater Civic Center in Lima—live; broadcast in progress]

[Text]...in view of these and other undeniable developments, President Alberto Fujimori on 5 April assumed with courage and determination [applause] the measures needed to make the change our society and nation demanded. Thus, we would no longer witness the destruction of our fatherland conspired by various enemies. They contributed their inefficiency, complicity, and indifference—taking the country away from all Peruvians and leaving it in the hands of people who do not think future generations are the means to ensure the nation's survival. [applause]

Since we had a formal democracy without direction that was not even close to being a genuine democracy, we had no other option than the one we took to bring back a real and formal democracy. [applause]

Ladies and gentlemen, the courageous and determined action taken by President Alberto Fujimori on 5 April is amply justified. [applause] It is amply justified because of its significance and realism. We have started the recovery of the fatherland under the terms demanded by the great majority. The majority supports their president—and everyone admits this—because his actions were inspired by those who have the least in order to secure a peaceful life and development. [applause]

The national dialogue for peace and development is an efficient way to allow citizens to voice their thoughts and demands to ensure Peru's future formal structure is based on the people's thoughts and aspirations, that is, on a real democracy. [applause]

This national dialogue is characterized by absolute liberty and full expression of thought. Its members, without

participants extraneous to the democratic foundation of the country—will enable the direct participation of Peruvians so we can determine their wishes and hopes. The national dialogue has popular support. [applause] It enjoys popular support because similar activities are being held on 25 June in Lima and other cities in the country. Working commissions of the national dialogue for peace and development will address six main issues. [not further identified]

The country needs a political constitution reflecting its current experience, responding to modernity, and overseeing its institutions, while making them available to the people. This is why we will listen to the constitutional reform proposals the people are demanding. An appropriate expression of an authentic democracy is the participation of representatives of the people elected with absolute liberty, but also with absolute equality for all. [applause]

The legislative branch must be restructured to make sure it fulfills its real role with dynamism, offers opportunities, and displays an authentic spirit of cooperation and service toward the people's needs. It must be restructured to ensure it will not become a manipulated instrument because we have witnessed its inefficiency in solving the country's problems. [applause]

It is necessary to ensure the national control system not follow directives of the government ruling at a given moment, and much less the political interests of parties, because of the well-known disastrous consequences.

We need a system that can supervise, direct, and monitor the rational use of public resources, thus avoiding a return to the near past where illegal enrichment existed.

The country requires an autonomous judicial branch—with honest magistrates and a proper personnel evaluation system. This will render a timely, real, and equitable justice and will prevent economically or socially powerful individuals turning impunity into a justification for criminal actions perpetrated against the people and, worse yet, against society and the state. We need a judicial branch that guarantees the honest and fair administration of justice for the have-nots.

Several years ago, our fatherland began a great effort to devote human and material resources, including sacrifices made by struggling citizens, to the quest for peace. [applause] Peru is a victim of the brutal attack of narcoterrorism, a sometimes invisible and powerful enemy because of the degree of immorality and corruption of some circles.

It is the task of everyone to attain peace. We can no longer allow these enemies of the fatherland to cause irreparable damage resulting from the loss of useful lives and great material damage. The human cost of this is very painful and the material cost cannot be spared if we want to improve the lives of forgotten and needy townships. [applause]

Citizens must have the opportunity to express their views and aspirations in an organized manner. This is only fair. Citizens also demand that the political parties, which must be an expression of democracy, formulate substantial internal changes, permitting, among other things, two fundamental premises: Internal democracy and absolute transparency of their organizations and the origin and clear handling of their finances. [applause]

Peru demands political parties turn internal dialogue into their justification for existence in a democratic society. This is why, ladies and gentlemen, on behalf of the president of the Republic, I must express our sincere recognition for your participation and for those whom you represent, as well as for this expression and willingness to discuss democracy and freedom. [applause]

The national dialogue for peace and development, which excludes no one and is not intended to, is a sovereign act that Peruvians are undertaking in accordance with the commitment President Fujimori assumed before his country, and which he also reaffirmed before the OAS at the foreign ministers meeting in the Bahamas. The national dialogue for peace and development is an obligation to establish the foundation for reconstruction of the country. It is an honest and professional dialogue, attended by workers, peasants, professionals, housewives, youths, and trade and professional associations. [applause]

It is a dialogue in which citizens are participating with freedom and generosity. Freedom, because its participants are not forced to attend; generosity, because you are being generous with your people and the future of the country, on the basis of effort and honesty.

Compatriots, President Alberto Fujimori and those who assist his administration in this task of national reconstruction are confident that the people listen to us and understand us. We are sure the people support us and we will go on with our struggle, so that the country is victorious.

Peace and development correspond to those responsible for governing and the population in general. Together, we will achieve the aforementioned goals. The road ahead is difficult, but with willingness and determination, as well as with generosity and integrity, it will led to a successful result.

On behalf of the president of the Republic, I declare the work of the commissions of the national dialogue for peace and development open. I must conclude by saying that the solution is the hands of all Peruvians. Thank you very much.

Fujimori Promises To Aid Huanuco Development

PA2506203092 Lima Radio Programas del Peru Network in Spanish 1810 GMT 25 Jun 92

[Report from Huanuco by Maritza Lopez]

[Text] President Alberto Fujimori announced in Huanuco that no concessions will be made during the moralization process of the public administration begun on 5 April by the emergency and reconstruction government. Fujimori warned that all officials who are guilty of corruption will be removed from office and punished. The president asked the people to be alert and thus ensure that the moralization process is fruitful. Fujimori said we are experiencing a process of reconstruction, and the people have chosen the path to be followed. The president thanked the people, the people of Huanuco in particular, for their support. During a speech made at the Huanuco parade grounds in the presence of the mayor of this beautiful city and other regional authorities, Fujimori promised to support the development process under way in the region. He said the regional government will begin to repair the road linking the airport with downtown Huanuco very soon. Fujimori also presented 51 units [not further specified] donated by Japan to 11 peasant communities. He also promised to send 200 computers for school children, 200 industrial kitchens for the direct assistance plans, and 200 sewing machines.

This is what the head of state told the people of Huanuco:

[Begin Fujimori recording] I thank the Peruvian people, in this case the people of Huanuco, for supporting the government. That support will allow us to make the necessary changes and reorganize the state so the country's resources can be used where they are most needed. [people chant: moralization] [applause]

There are great expectations surrounding these changes, especially the process of moralizing the public administration and eliminating corruption. My friends, we will make no concessions. [applause] I hope all the people will be alert and help ensure that this moralization process is carried out. We will make no concessions. (?If an official) does not do his job, and if his actions are inappropriate, then he must be removed from office. [people chant: Not a single step backward!] [applause]

This morning we are accompanied by more children than peasants. Welcome. This gives me an opportunity to make a commitment to the development of children and adolescents. I do not have it in my hands, but that gives me a reason to visit another time. I wish to support you in developing technology, especially modern technology. I have decided that Huanuco Department will receive 200 computers [applause] [people chant: Fujimori], 200 sewing machines to be given to the schools, and 200 kerosene stoves.

My friends, I will be in Huanuco for a couple of hours visiting some schools and government offices to see firsthand what Huanuco needs. I will do this in the company of the ministers of education and agriculture. I hope that soon I will have specific aid for Huanuco. [end recording]

This was an excerpt of President Fujimori's speech. The president was also given they keys to the city by Huanuco Mayor Arnulfo Mendoza. President Fujimori is now watching the parade put on by the education authorities of this city known as the city of eternal spring. Fujimori has said that shortly he will be visiting schools to see firsthand what they need.

Arequipa Mayor Faces National Security Charges

PA2606043792 Lima Global de Television Network in Spanish 0100 GMT 26 Jun 92

[Text] Arequipa Mayor Luis Caceres Velasquez, who is once more running for office, is facing a suit brought by Santiago Sanguinetti for allegedly perpetrating offenses against the state and national security. The problems confronting the Arequipa mayor occurred after he made statements to the press.

Representatives of the Lima Civic Movement 2000 [Movimiento Civico Lima al 2000], which nominated Luis Caceres Velasquez for the post of Lima mayor, visited the Government Palace to meet with the president of the Republic. They presented a written request to meet with the president.

Artidoro Caceres, president of the political committee of the Lima Civic Movement 2000, stated that he hopes to receive a positive response from the president shortly. This will permit him to meet with the president and voice his concern for the postponement of the municipal elections, he added.

Artidoro Caceres also indicated that despite the suit filed before the Fifth Prosecutor's Office against the Arequipa mayor for offenses against the state, he will still support his candidacy.

[Begin A. Caceres recording] Knowing the personality of our candidate, I do not believe he will be intimidated by this suit, because his words are supported by the truth. [end recording]

Meanwhile, Fifth District Prosecutor Tomas Mendosa Arzia said he will carefully analyze the charges presented in the suit against Caceres for allegedly perpetrating offenses against the state, undermining national security, and committing other violations included in the Title 15 of the Penal Code. The suit was filed at the Fifth District Prosecutor's Office in Lima by Santiago Sanguinetti Galindo, a well-known and controversial personality in the judicial area.

[Begin Mendosa recording] The statements by Luis Caceres must be carefully studied to determine if they fall within the penal offenses established by our new Penal Code. I can assure you that my office has taken great care to issue a ruling in keeping with the law. [end recording]

Government Annuls All Indexed Labor Contracts

PY2506155092 Lima CARETAS in Spanish 15 Jun 92 p 21

[Text] The government hurried to cancel all collective agreements with automatic adjustment clauses (indexation) because of an impending judicial decision that would have forced it to pay adjustments to National Bank workers, based on those agreements. If the National Bank obeyed the court order—which was taken up by the Supreme Court—it would have been forced to pay nearly $45 million in back payments that it has withheld since August 1990. But what was worse was that the precedent would have been taken up by all public company unions under the same type of agreement to demand the same benefits, and this would have had serious consequences for the economic program. The government decree precludes any court action on the matter because it establishes that the decree will be retroactive to 13 December 1991. The lower court decision was issued in February.

MRTA Financing of Political Paper Unveiled

PY2506160092 Lima EL COMERCIO in Spanish 14 Jun 92 p A4

[Text] Former Deputy Yehude Simons Munaro and seven editors of the weekly CAMBIO were arrested because they were receiving money from the MRTA [Tupac Amaru Revolutionary Movement] to edit the magazine and for the creation of a political party designed to serve as the terrorist movement's "legal arm."

The PNP [Peruvian National Police] Counterterrorism Division (Dincote) reported that the confessions of Victor Polay Campos, alias "Rolando," implicated Simons and the other editors in terrorist activities.

Among those arrested are retired Major Luis Mora Murga of the Velasquista Revolutionary Movement and CAMBIO information chief Jose Antonio Alvarez.

On 12 June, police broke into the headquarters of the newly created party "Free Fatherland" [Patria Libre], located at 767 Jiron Canete in Lima. Police found documents and propaganda on the premises.

According to the Dincote, Simons wanted to register the "Free Fatherland" party with the National Electoral Board and he had the documents ready to collect signatures.

Dincote reported that they found evidence indicating that the new political party was being financed by the MRTA.

Unofficial sources said Simons provided the blueprints of "Miguel Castro Castro" prison in Campo Grande to MRTA. On 9 July 1990, 48 MRTA militants escaped from the prison.

Simons visited MRTA inmates at the prison on 8 July 1990, just one day before the escape was to take place.

Venezuela

Students, Police Clash 25 Jun in Caracas

PA2506203892 Mexico City NOTIMEX in Spanish 1924 GMT 25 Jun 92

[Text] Caracas, 25 Jun—A local radio station has reported that street violence erupted on 25 June in Caracas and that the police used tear gas and birdshot to repress a demonstration in a southwestern section of the city.

The riots affected the populous sector of Caricuao where some 200 students carried out a protest against President Carlos Andres Perez' economic policies, set tires on fire, and confronted security forces.

Residents repeatedly called Radio Rumbos to report that policemen were beating students and passersby, raided a building, and threw tear gas canisters.

A police spokesman has reported that the clashes forced the police to strengthen their position, using trucks with high-pressure water hoses. The spokesman said he did not know about any charges from the residents or calls for help to District Governor Antonio Ledezma.

The riots were still raging at 1500 (1900 GMT). The source did not report any casualties.

Prior to this demonstration, there were brief clashes in the southern section of San Martin. These clashes reactivated street demonstrations following the 24 June Army Day holiday. On 23 June, a peaceful student demonstration demanding Perez' resignation in front of the Congress building ended with a bitter clash in Caracas' downtown area.

Further on Violence

PA2506234592 Madrid EFE in Spanish 2258 GMT 25 Jun 92

[Text] Caracas, 25 Jun (EFE)—One person was killed and two were wounded during 25 June disturbances in the Caricuao neighborhood, west of this capital city, a spokesperson for the Metropolitan Police (PM) has reported.

The same source told EFE that the victim, who was hit by crossfire between groups of hooded armed persons and policemen, died after being taken to Perez Carreno Hospital in the capital.

The incidents, which broke out in the morning near Benito Juarez School, lasted throughout the day with sporadic clashes during which the police used tear gas and the students hurled stones and bottles.

The police spokesperson said the PM forces were fired on by a group of 70 hooded persons who infiltrated the student groups.

The same source said three businesses were looted.

Neighborhood residents charged on the radio that the police threw tear gas canisters against buildings and that plainclothes policemen forcefully broke into homes in order to search for demonstrators.

Five policemen were injured with stones and other objects thrown during the demonstrations. The demonstrators were protesting the high cost of living and demanding the resignation of Venezuelan President Carlos Andres Perez.

The residents also demanded the presence of Caracas Governor Antonio Ledesma and Attorney General Ramon Escovar, and demanded an end to the police actions.